

Annual Financial Statements

for

Musina Local Municipality

for the year ended 30 June: **2013**

Province:

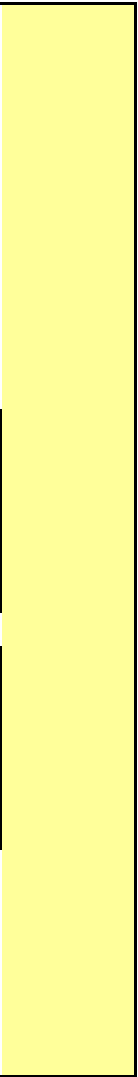
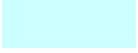
Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	J Matshivha
Name of Chief Financial Officer:	V Tshikundamalema
Contact telephone number:	0155346176
Contact e-mail address:	vhutshilot@limpopo.co.za
Name of contact at provincial treasury:	JN Raphela
Contact telephone number:	0152918400
Contact e-mail address:	raphelajn@treasury.limpopo.gov.za
Name of relevant Auditor:	G Odendaal
Contact telephone number:	0152839341
Contact e-mail address:	godendaal@agsa.co.za
Name of contact at National Treasury:	Thomas Matjeni
Contact telephone number:	012 315 5792
Contact e-mail address:	thomas.matjeni@treasury.gov.za



Musina Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information

Members of the Council		Appointme nt date	
C M Phiri	Mayor	May 2011	
C M Phiri	Speaker	May 2011	
S F L Ndlovu	Member of the Executive Commi	May 2011	
J Banda	Member	May 2011	deceased february 2013
M E Ramayada	Member	May 2011	
E S Shirilele	Member	May 2011	
M F Mafela	Member	May 2011	
S M Phiri	Member	May 2011	
L B Ndou	Member	May 2011	
G N Milanzi	Member	May 2011	
S J Kaunda	Member	May 2011	
P S Tlou	Member	May 2011	
G Mavhuny	Member	March 2013	

Municipal Manager

J Matshivha

Chief Financial Officer

V Tshikundamalema

Grading of Local Authority

03

Auditors

Auditor-General

Bankers

ABSA

Musina Local
ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2016

General information (continued)

Registered Office:

Physical address:

Postal address:

Telephone number:

Fax number:

E-mail address:

I Municipality
IAL STATEMENTS
ed 30 June 2013

Musina Municipality

Civic Centre
21 Irwin Street
Musina
0900

Private bag X611
Musina
0900

0155346100

0155342513

vhutshilot@limpopo.co.za

Musina Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 61, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE

Musina Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Index	Page
Statement of Financial Position	1
Statement of Financial Performance	2
Statement of Changes in Net Assets	3
Statement of comparison of budget and actual	4
Cash Flow Statement	5
Accounting Policies	6-19
Notes to the Annual Financial Statements	20-50
Appendix A: Schedule of External Loans	51
Appendix B: Analysis of Property, Plant and Equipment	52-55
Appendix C: Segmental Analysis of Property, Plant and Equipment	56
Appendix D: Segmental Statement of Financial Performance	57
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	58
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	59
Appendix F: Deviation from procurement process Finance Management Act	60-61

Musina Local Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Note	2 013 R	2012 R
ASSETS			
Current assets			
Cash and cash equivalents	1	8 903 291.08	1 777 238.00
Trade and other receivables from exchange transactions	2	1 675 566	8 687 772
Other receivables from non-exchange transactions	3	20 318 167	17 872 814
Inventories	4	82 208 136	85 057 056
Investments	5	8 278 911	6 396 945
VAT receivable	12	2 526 412	228 601
Non-current assets			
Property, plant and equipment	6	236 022 892	290 588 170
Heritage assets	9	78 910	
Intangible assets	7	288 801	51 933
Investment property carried at fair value	8	132 830 000	138 554 065
Total assets		493 131 087	549 214 594
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	10	41 290 990	48 228 389
Consumer deposits	11	4 254 834	4 446 606
Transfers payable (non-exchange)-Department Transport	13	20 419 821	16 483 541
Other Employee Benefit	14	4 932 155	3 366 618
Current portion of unspent conditional grants and receipts	15	4 258 232	113 827
Current portion of borrowings	16	1 478 850	1 348 428
Current portion of finance lease liability	17	746 631	550 286
Non-current liabilities			
Non-current borrowings	16	15 192 257	16 677 041
Non-current finance lease liability	17	1 473 072	680 965
Non-current provisions	18	3 694 047	2 338 163
Post employment Medical Aid	42	6 346 975	5 294 162
Total liabilities		104 087 863	99 528 026
Net assets		389 043 224	449 686 568
NET ASSETS			
Revaluation Reserves		78 910	-
Accumulated surplus / (deficit)		388 964 314	449 686 568
Total net assets		389 043 224	449 686 568

Musina Local Municipality			
STATEMENT OF FINANCIAL PERFORMANCE			
for the year ending 30 June 2013			
	Note	2 013	2 012
		R	R
Revenue			
Property rates	19	10 664 480	10 945 902
Service charges	20	82 429 143	77 158 091
Rental of facilities and equipment	21	266 258	206 071
Interest earned - external investments	22	744 510	545 518
Interest earned - outstanding receivables	23	1 319 725	1 564 984
Fines		967 185	2 201 900
Licences and permits		3 142 970	2 923 496
Government grants and subsidies	24	44 934 639	45 505 232
Other income	25	11 371 535	9 034 706
Total revenue		155 840 445	150 085 900
Expenses			
Employee related costs	26	43 610 301	42 248 843
Remuneration of councillors	27	3 672 987	3 396 313
Prov Bad debts		8 202 743	976 392
Collection costs		16 850	52 339
Depreciation and amortisation expense	28	18 997 429	18 527 847
Repairs and maintenance		8 384 530	22 792 621
Finance costs	29	1 939 619	2 065 001
Bulk purchases	30	34 685 065	37 490 020
Contracted services	31	4 904 217	4 106 102
Grants and subsidies paid	32	2 672 542	2 369 231
Operational Grant Expenditure	48	3 050 000	2 040 000
General expenses	33	30 480 385	26 999 636
Total expenses		160 616 667	163 064 345
(Impairment loss) / Reversal of impairment loss	34	-47 408 968	-
Profit / (loss) on fair value adjustment	35	-5 724 065	-
Surplus / (deficit) for the period		-57 909 255	-12 978 445

Musina Local Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2013

		Revaluation Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
	Note	R	R	R
Balance at 30 Jun 2011		-	297 102 152	297 102 152
Changes in accounting policy				-
Correction of prior period error				-
Restated balance		-	297 102 152	297 102 152
Surplus / (deficit) on revaluation of property of property, plant and equipment				-
Revaluation Reserve			63 350 653	63 350 653
Fair value adjustment - Investment property			34 236 940	34 236 940
Corrections prior year			7 820 656	7 820 656
prior year other assets	37		761 755	761 755
Prior year infrastructure	37		9 994 617	9 994 617
Acc Depreciation assets	37		-1 998 923	(1 998 923)
Addition Transformers	37		380 757	380 757
Prior year infrastructure-Electricity	37		-3 739 104	(3 739 104)
<i>Prior period adjustment investments</i>	37		69 076 126	69 076 126
Municipal land duplicated	37		-5 261 700	(5 261 700)
Transfers to / from accumulated surplus/(deficit)	37		-3 022 901	(3 022 901)
Traffic Fines	37		-549 308	(549 308)
Roads	37		-5 486 706	(5 486 706)
Surplus / (deficit) for the period			-12 978 445	(12 978 445)
Balance at 30 Jun 2012		-	449 686 568	449 686 568
Revaluation Reserve		78 910	-	78 910
Surplus / (deficit) Equitable share set off			-2 813 000	(2 813 000)
Surplus / (deficit) for the period			-57 909 254	(57 909 254)
Balance at 30 Jun 2013		78 910	388 964 314	389 043 224

Musina Local Municipality

for the year ended 30 June 2013

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

RECEIPTS	APPROVED BUDGET	ADJUSTMENT BUDGET [VIREMENT]	FINAL	ACTUAL	DIFFERENCE FINAL BUDGET AND ACTUAL	REASON
Property rates	10 070 893	-	10 070 893	10 664 480	593 587	This due to the increase in the value of properties (Revaluations done July 2012)
Service charges	101 469 785	-	101 469 785	82 429 143	-19 040 642	People consume less due to life style changes.
Investment revenue	342 093	-	534 186	744 510	210 324	Invested more
Transfers recognised - operational	34 497 000	-	34 497 000	34 497 000	-0	
Other own revenue (See note 24)	10 515 212	-	10 323 119	17 067 673	6 744 554	Increase in revenue collected for sale of stands.
	156 894 983	-	156 894 983	145 402 806	-11 492 177	
PAYMENTS	APPROVED BUDGET	ADJUSTMENT BUDGET [VIREMENT]	FINAL	ACTUAL	DIFFERENCE FINAL BUDGET AND ACTUAL	
Employee costs	56 043 310	319 414	56 362 724	42 390 356	-13 972 368	Not all vacant post were filled as planned
Remuneration of councillors	3 281 401	391 586	3 672 987	3 672 987	-0	
Debt impairment	1 192 876		1 192 876	8 202 742	7 009 866	An increase on the number of days on which debtors are aging
Depreciation & asset impairment	6 425 680		6 425 680	18 997 429	12 571 749	This was caused by impairment of roads done at the end of the current year on roads
Finance charges	1 970 149		1 970 149	1 939 619	-30 530	This is caused by a decrease in loan repayment
Materials and bulk purchases	55 587 758	1 325 000	56 912 758	43 069 595	-13 843 163	Transfer of cost to pump electricity to Vhembe
Transfers and grants	9 090 678		9 090 678	5 854 961	-3 235 717	This is due to the fact that less indingents were approved in the current year.
General expenditure	48 078 148	-2 036 000	46 042 148	89 622 011	43 579 863	Budget for supplementary valuation roll not exhausted
TOTAL BUDGET	181 670 000	-	181 670 000	213 749 700	32 079 700	
Reversal of impairment loss			-	-51 171 074	-51 171 074	This is due to excessive loss of value in musina town and Nancefield roads
On fair value adjustment			-	-5 724 065	-5 724 065	This is due to loss in fair value of investment assets.
	181 670 000	-	181 670 000	156 854 561	-24 815 439	

The budget have been prepared on an accrual basis of accounting. The approved budget
The changes between the final and approved budget was caused by consequences of
reallocation within the budget.

Musina Local Municipality			
CASH FLOW STATEMENT			
as at 30 June 2013			
	Note	2 013	2 012
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		202 802 967	149 152 097
Sales of goods and services		152 957 457	87 170 191
Grants		49 101 000	59 871 404
Interest received		744 510	2 110 502
Other receipts		-	-
Payments		182 769 552	140 176 374
Employee costs		52 822 529	45 645 156
Suppliers		128 049 953	92 466 217
Interest paid		1 897 070	2 065 001
Other payments		-	-
Net cash flows from operating activities		20 033 416	8 975 723
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		-11 001 319	-9 071 187
Net cash flows from investing activities		-11 001 319	-9 071 187
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-1 354 362	-4 027 453
Repayment of finance lease liability		-551 682	-206 996
Net cash flows from financing activities		-1 906 044	-4 234 449
Net increase / (decrease) in net cash and cash equivalenten		7 126 053	-4 329 913
Net cash and cash equivalents at beginning of period		1 777 238	6 107 151
Net cash and cash equivalents at end of period	36	8 903 291	1 777 238

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2013

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided as a note to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early

GRAP 8 Interest in Joint Ventures

GRAP 18 Segment Reporting

GRAP 25 Employee Benefits

GRAP 105 Transfer of functions between entities under common control - issued unknown

GRAP 106 Transfer of functions between entities not under common control - issued unknown

GRAP 107 Mergers

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment except for land, are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated at historical cost, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	<u>Years</u>
Infrastructure Assets	
Roads, pavement, double seals, road signs and Roadmarkings	40-15
Street names, signs and parking meters	5
Car parks, bus terminals and taxi ranks	20
Electricity - Mass lights	15
Electricity - Transformers	15
Electricity - Street lights	15
Housing	30
Street lighting	25
Refuse sites	30

Community Assets	
Parks and gardens	30
Sport fields	30
Community halls	30
Libraries	30
Recreation facilities	30
Clinics	30
Fire services	30
Cemeteries	30
Other Assets	
Motor vehicles	5
Plant and equipment	5
Security measures	3
Buildings	30
IT equipment	3
Office equipment	5

Land is not depreciated as it is regarded as having an infinite life.

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods gets adjusted. During the items property, plant and equipment useful life was assessed and increased by additional three(3) years.

Impairment

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except where the impairment reverses a previous revaluation.

Where the carrying amount of an item of property, plant and equipment is larger than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The testing for and impairing of any items of property, plant and equipment were accounted during the current year as the municipality must comply with GRAP 17 fully

Disposal of property, plant and equipment

- The book values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

During the current year, the municipality has unbundled the infrastructure assets as required by GRAP 17

2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 HERITAGE ASSETS

3.1 INITIAL RECOGNITION

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations

At initial recognition, the municipality measures its heritage assets at cost once it meets the definition of heritage assets. However, where heritage was acquired through a non-exchange transaction (i.e. where it acquired the heritage assets for no or a nominal value), its cost is its fair value as at the date of acquisition.

3.2 SUBSEQUENT MEASUREMENT – REVALUATION MODEL

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

3.3 Derecognition

When the heritage assets are permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. A disposal can be, for example, when an asset is: sold, donated, transferred, etc. The gain or loss is recognised in surplus or deficit when the asset is derecognized.

4 INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over their useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use of by the municipality. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation methods are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised as permitted in terms of Directive 4. All other cost incurred on intangible assets during the exemption period has been expensed.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

4.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 INVESTMENT PROPERTY

5.1 INITIAL RECOGNITION

Investment property includes property held to earn income, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

An asset is derecognised when it is disposed off or when no future economic benefits or service potential is expected. Any gain or loss is recognised in surplus or deficit.

5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5.3 DERECOGNITION

When the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. A disposal can be, for example, when an asset is: sold, donated, transferred, etc. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

6 INVENTORIES

6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Asset held for sale are measured at cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially measured at fair value.

7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

7.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

7.3 DERECOGNITION

A financial asset or the specifically identified cash flows of an asset is derecognised when:

- a) The cash-flows from the asset expire, are settled or waived;
- b) Significant risks and rewards are transferred to another party; or
- c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

7.4 GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

7.5 OFFSETTING

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

7.6 IMPAIRMENTS

All financial assets measured at amortised cost, or cost are subject to an impairment review. The Economic Entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exist for an individually assessed financial asset, whether significant or not, it will include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognised or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date on which the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payment and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on 3 month average usage

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest revenue is recognised on a time proportion basis

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the group.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund
- National fund for Municipal workers

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

a) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

16 EMPLOYEE BENEFITS

Remuneration to employees is recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs.

The costs of all short-term employee benefits, such as leave pay, are recognised in the period the employee renders the related service.

Leave pay accrual

The liability is based on the total amount of leave days due to the employees on the reporting date and on their total remuneration package.

Provision for Performance Bonuses

A provision in respect of the liability relating to the anticipated costs of 13th cheque bonuses payable to all employees is maintained. Where performance appraisals have not yet been performed at year-end, a performance bonus provision is raised based on the employment contract stipulations and previous performance bonus payment trends.

Long service awards

Employees, who have completed 10 years' unbroken service, are entitled to receive a once-off cash award. The cash award is included in the employee's salary in the month of the service anniversary.

17 IMPAIRMENT OF ASSETS

17.1 IMPAIRMENT OF ASSETS - NON - CASH GENERATING ASSETS

Those assets held by the Municipality without an intention of generating a commercial return from such asset. The Municipality assesses at each reporting date whether any indications exist that an asset may be impaired. When such an indication exists, the Municipality estimates the recoverable service amount of the asset.

The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined by using either the depreciated replacement cost, restoration cost or service unit approach, depending on the availability of data and the nature of the impairment. If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset and accounts for the reversal of impairment loss if necessary. The increase in carrying amount of an asset due to the reversal of impairment loss should not exceed what the asset's original carrying would have been if no impairment loss were recognised.

17.2 IMPAIRMENT OF ASSETS - CASH GENERATING ASSETS

Those assets held by the Municipality for the purpose of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated Municipality, it generates a commercial return.

The Municipality assesses at each reporting date whether there is any indication that an asset or cash-generating unit to which an asset belongs to may be impaired. When such an indication exists, the Municipality estimates the recoverable amount of the asset. The recoverable amount is the higher of the cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined as the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The future expected cash flows are discounted at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable amount of that asset and accounts for the reversal of impairment loss if necessary. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

18 COMMITMENTS

The commitments disclosed in the disclosure note are the aggregate amount of capital and current expenditure approved and contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements.

19 RELATED PARTIES

The Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national/provincial/local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that member of management in their dealings with the Municipality.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another Municipality or person are disclosed.

20 BUDGET INFORMATION

Municipality is typically subjected to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar measures. General purpose financial reporting by municipalities must provide information on whether resources were obtained and used in accordance with the legally adopted budget. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements. Refer t appendix ???.

21 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements in conformity with GRAP required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the musina's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.

22 PROVISION FOR LANDFILL SITE

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factor as determined, have been applied and projected at an inflation rate of 11.50 %, and discounted to the present value at the average borrowing cost of 10%

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013 R	2 012 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand			
Cash at bank		8 903 291	1 777 238
Call deposits			
		<u>8 903 291</u>	<u>1 777 238</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
ABSA Bank Limited - Musina Branch: Account Number 2050550179			
Cash book balance at beginning of year		1 772 792	6 107 151
Cash book balance at end of year		<u>8 898 764</u>	<u>1 772 792</u>
Bank statement balance at beginning of year		1 781 276	6 130 036
Bank statement balance at end of year		<u>8 904 324</u>	<u>1 781 276</u>
<u>Current Account (Other Account)</u>			
ABSA Bank Limited - Musina Branch: Account Number 4074881456			
Cash book balance at beginning of year		4 446	4 349
Cash book balance at end of year		<u>4 527</u>	<u>4 446</u>
Bank statement balance at beginning of year		4 446	4 349
Bank statement balance at end of year		<u>4 527</u>	<u>4 446</u>
<u>Cash on hand</u>		<u>-</u>	<u>-</u>
Total cash and cash equivalents		<u>8 903 291</u>	<u>1 777 238</u>
Total bank overdraft		<u>-</u>	<u>-</u>

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013 R	2 012 R
2 TRADE AND OTHER RECEIVABLES			
<u>Trade receivables as at 30 June 2013</u>	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS			
Assessment Rates	11 201 594	-10 042 985	1 158 608
TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Electricity	2 420 687	-1 387 510	1 033 177
Other	2 057 544	-1 871 396	186 148
Refuse	4 127 990	-3 671 749	456 242
Total	19 807 815	-16 973 640	2 834 174
as at 30 June 2012			
Service debtors			
Rates	9 200 897	-4 721 645	4 479 252
Electricity	2 636 614	-1 491 624	1 144 990
Other	2 291 992	-1 176 187	1 115 805
Refuse	4 000 850	-2 053 125	1 947 725
Total	18 130 353	-9 442 581	8 687 772
<u>Trade receivables - other</u>			
Property Rental		464 679	176 710
Consumer Deposit		826 248	1 563 866
Interest		640 397	324 032
Housing		42 898	168 901
Legal fees		62 633	44 234
Disconnection fee		20 689	14 249
Other receivables		2 057 544	2 291 992
<u>Rates: Ageing</u>			
Current (0 – 30 days)		498 871	498 475
31 - 60 Days		351 313	335 600
61 - 90 Days		333 148	293 119
91 - 120 Days		302 062	273 848
121 - 365 Days		9 716 199	7 799 856
+ 365 Days			
Total		11 201 594	9 200 898
<u>Electricity : Ageing</u>			
Current (0 – 30 days)		524 080	697 943
31 - 60 Days		356 802	405 356
61 - 90 Days		235 613	176 104
91 - 120 Days		134 421	147 563
121 - 365 Days		1 169 770	1 209 648
+ 365 Days			
Total		2 420 687	2 636 614
<u>Refuse : Ageing</u>			
Current (0 – 30 days)		271 056	206 722
31 - 60 Days		176 657	154 271
61 - 90 Days		154 123	135 503
91 - 120 Days		134 897	125 017
121 - 365 Days		3 391 257	3 379 338
+ 365 Days			
Total		4 127 990	4 000 851

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2 013	2 012
	R	R
<u>Other : Ageing</u>		
Current (0 – 30 days)	52 011	233 384
31 - 60 Days	332 268	194 524
61 - 90 Days	15 464	40 366
91 - 120 Days	13 919	11 326
121 - 365 Days	1 643 882	1 812 392
+ 365 Days		
Total	2 057 544	2 291 992

Summary of Debtors by Customer Classification

	Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
as at 30 June 2013			
Current (0 – 30 days)	2 939 406	1 242 621	175 074
31 - 60 Days	1 024 648	174 814	62 531
61 - 90 Days	970 502	137 521	57 170
91 - 120 Days	801 466	128 429	38 478
121 - 365 Days	7 863 273	3 947 132	244 752
+ 365 Days			
Sub-total	13 599 294	5 630 517	578 004
Less: Provision for doubtful debts	-16 973 640		
Total debtors by customer classification	-3 374 346	5 630 517	578 004

as at 30 June 2012

Current (0 – 30 days)	1 636 523		
31 - 60 Days	1 089 751		
61 - 90 Days	645 091		
91 - 120 Days	557 756		
121 - 365 Days	14 201 233		
+ 365 Days			
Sub-total	18 130 354	-	-
Less: Provision for doubtful debts	-9 442 581		
Total debtors by customer classification	8 687 773	-	-

2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	9 303 995	9 303 994
Contribution to provision	8 202 742	-
Doubtful debts written off against provision	-533 097	138 587
Balance at end of year	16 973 640	9 442 581

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013 R	2 012 R
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Assesment Rates			
Sundry Debtors		64 940	64 940
RD Cheques		13 776	13 500
Unmetered Consumption		1 092 029	933 802
Cutt off revenue		2 860 819	4 007 722
Vhembe District		14 057 464	12 271 674
Transfer JT Maphaha		1 143	1 143
Traffic fines		549 308	559 232
Boabab Petroleum		20 801	20 801
New market place		211 466	
Times media		67 529	
Maravha building		104 210	
Thusong centre		116 074	
Total Other Debtors		19 159 558	17 872 814

The Above debts were not impaired due to the following reasons

RD Cheques

This Cheques were only identified as refer to drawer cheques towards year end and efforts will be made to recover the amount in the 2013/14 financial year. The debtors account also shows a good payment history.

Unmetered Consumption

This amounts will only be billed to customers in July 2013

Cutt of revenue

This amounts will only be billed to customers in July 2013

Vhembe District

This amount can be recovered as Musina Municipality also owes Vhembe an amount equal to R12 427 875

Transfer JT Maphaha

Mr. Maphaha is an employee at the Municipality and arrangement will be made to recover the debts in 2013/2014 financial year

Traffic fines

This is measured at best estimate and the possibility of recovering is 100%

Boabab Petroleum

The Municipality has an agreement with Boabab in which the supplier Provides the Municipality with Fuel in Return Cash payments from the Municipality, This amount will be recovered from the supplier in the form of fuel in the 2013/2014 book year

New MARKET

The supplier has been appointed for a project in the 2013/2014 financial and the debts will be recovered from the suppliers.

Times Media

The Municipality is planning to make advertisement for new post and this amount will be recovered from the advertisement expenditure in the 2013/2014 book year.

Moravha Building

The supplier has been appointed for a project in the 2013/2014 financial and the debts will be recovered from the suppliers.

Thusong Centre

This will be recovered from the retention amount owed to the supplier.

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013 R	2 012 R
4 INVENTORIES			
Opening balance of inventories:		82 172 056	84 850 061
Consumable stores		1 523 236	1 316 240
Maintenance materials - at cost		-	-
Spare parts – at net realisable value		-	-
Stands held for resale		80 648 820	83 533 821
Additions:		3 524 905	1 970 280
Consumable stores		3 524 905	1 970 280
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Issued (expensed):		-3 488 825	-1 763 285
Consumable stores		-3 488 825	-1 763 285
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Closing balance of inventories:		82 208 136	85 057 056
Consumable stores		1 559 316	1 523 235
Maintenance materials		-	-
Spare parts		-	-
Stands held for resale		80 648 820	83 533 821

5 INVESTMENTS

Deposits	8 278 911	6 396 945
	-	-
	8 278 911	6 396 945

A repayment of asset amounting to R10 653 800 has been pledged with ABSA Bank as security for Eskom guarantee

Musina Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2013

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2012	35 090 602	32 621 596	195 674 587	20 600 405	-	4 464 734	2 136 246	290 588 170
Cost/Revaluation	40 352 302	37 415 961	238 617 521	21 155 204	-	9 195 406	6 016 425	352 752 819
Correction of error (note 37)	(5 261 700)		4 637 347			761 755		137 402
Accumulated depreciation and impairment losses	-	(4 794 365)	(47 580 282)	(554 799)	-	(5 492 427)	(3 880 179)	(62 302 052)
Acquisitions	-	1 723 270	125 475	-	-	224 271	2 668 273	4 741 289
Capital under Construction	-	2 203 054	-	5 222 331	-	-	-	7 425 385
Depreciation	-	(1 250 177)	(15 117 498)	(519 335)	-	(1 063 837)	(1 005 421)	(18 956 268)
Carrying value of disposals	-	-	-	-	-	(116 332)	-	(116 332)
Cost/Revaluation	-	-	-	-	-	(366 716)	-	(366 716)
Accumulated depreciation and impairment losses	-	-	-	-	-	250 384	-	250 384
Impairment loss/Reversal of impairment loss	-	-	(47 408 968)	-	-	-	-	(47 408 968)
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2013	35 090 602	35 297 744	133 273 596	25 303 401	-	3 258 452	3 799 097	236 022 892
Cost/Revaluation	35 090 602	41 342 285	243 380 345	26 377 535	-	9 814 717	8 684 698	364 690 181
Accumulated depreciation and impairment losses	-	(6 044 542)	(110 106 749)	(1 074 134)	-	(6 556 265)	(4 885 600)	(128 667 289)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

6.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2011	40 352 302	31 005 677	211 460 589	16 226 804	-	2 775 147	1 238 130	303 058 649
Cost/Revaluation	40 352 302	35 417 717	244 100 039	16 615 852	-	14 277 273	4 604 624	355 367 807
Correction of error (note 37)								-
Accumulated depreciation and impairment losses	-	(4 412 040)	(32 639 450)	(389 048)	-	(11 502 126)	(3 366 494)	(52 309 158)
Acquisitions	-	1 998 244	3 828 710	4 539 352	-	1 425 677	1 668 974	13 460 957
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	(382 325)	(14 940 833)	(165 751)	-	(1 126 558)	(513 684)	(17 129 150)
Carrying value of disposals	(5 261 700)	-	(4 673 880)	-	-	1 390 468	(257 173)	(8 802 285)
Cost/Revaluation	(5 261 700)	-	(4 673 880)	-	-	(5 745 788)	(257 173)	(15 938 541)
Accumulated depreciation and impairment losses	-	-	-	-	-	7 136 256	-	7 136 256
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2012	35 090 602	32 621 596	195 674 587	20 600 405	-	4 464 734	2 136 247	290 588 171
Cost/Revaluation	35 090 602	37 415 961	243 254 869	21 155 204	-	9 957 162	6 016 425	352 890 223
Accumulated depreciation and impairment losses	-	(4 794 365)	(47 580 283)	(554 799)	-	(5 492 427)	(3 880 178)	(62 302 052)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

7 INTANGIBLE ASSETS

7.1 Reconciliation of carrying value	Computer Software R	Other* R	Total R
as at 1 July 2012	51 933	-	51 933
Cost	157 561	-	157 561
Accumulated amortisation and impairment losses	(105 628)	-	(105 628)
Acquisitions	278 029	-	278 029
Amortisation	(41 161)	-	(41 161)
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2013	288 801	-	288 801
Cost	435 590	-	435 590
Accumulated amortisation and impairment losses	(146 789)	-	(146 789)

7.1 Reconciliation of carrying value	Computer Software R	Other* R	Total R
as at 1 July 2011	86 681	-	86 681
Cost	157 561	-	157 561
Accumulated amortisation and impairment losses	(70 880)	-	(70 880)
Acquisitions	-	-	-
Amortisation	(34 748)	-	(34 748)
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2012	51 933	-	51 933
Cost	157 561	-	157 561
Accumulated amortisation and impairment losses	(105 628)	-	(105 628)

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

7.1 Intangible assets with indefinite useful lives (disclose the following);

Carrying amount;
Reasons for supporting the assessment of the useful life as indefinite;
Description of the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

8 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

8.1 Reconciliation of fair value	Investment property R	Investment property R	Total R
as at 1 July 2012	138 554 065	-	138 554 065
Cost	138 554 065	-	138 554 065
Change in accounting policy (note 47)	-	-	-
Accumulated depreciation and impairment losses	-	-	-
Acquisitions	-	-	-
Depreciation	-	-	-
Carrying value of disposals	(5 724 065)	-	(5 724 065)
Fair value adjustment	(5 724 065)	-	(5 724 065)
Accumulated depreciation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2013	132 830 000	-	132 830 000
Accumulated depreciation and impairment losses	132 830 000	-	132 830 000
	-	-	-
8.1 Reconciliation of fair value	Investment property R	Investment property R	Total R
as at 1 July 2011	35 241 000	-	35 241 000
Cost	35 241 000	-	35 241 000
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated depreciation and impairment losses	-	-	-
Acquisitions	-	-	-
Depreciation	-	-	-
Carrying value of disposals	34 236 940	-	34 236 940
Fair value adjustment	34 236 940	-	34 236 940
Accumulated depreciation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements-Prior Period error See note 37	69 076 125	-	69 076 125
as at 30 June 2012	138 554 065	-	138 554 065
	138 554 065	-	138 554 065
	-	-	-

Investment property includes property held to earn income, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

An asset is derecognised when it is disposed off or when no future economic benefits or service potential is expected. Any gain or loss is recognised in surplus or deficit.

Investment property was valued by the firm Eli Stroh Pty Ltd on 9 August 2013

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

9 HERITAGE ASSETS CARRIED AT REVALUATION MODEL

Reconciliation of fair value	Heritage assets R	Other R	Total R
as at 1 July 2012	-	-	-
Cost	-	-	-
Accumulated depreciation and impairment losses	-	-	-
Additions	78 910	-	78 910
Depreciation	-	-	-
Carrying value of disposals	-	-	-
Fair value adjustment	-	-	-
Accumulated depreciation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2013	78 910	-	78 910
Cost	78 910	-	78 910
Accumulated depreciation and impairment losses	-	-	-

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

All heritage asset were acquired through a non-exchange transaction, as a result the heritage assets costs were measured at its fair value.

The heritage assets were fair valued at year end by an independent Valuer -Eli Stroh Pty Ltd, using methods and assumptions consistent with Grap 103.

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2 013	2 012
	R	R
10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	740 917	816 746
Payments received in advance	2 197 978	1 189 244
Retentions	798 005	602 138
Creditors - provisions	12 598 440	22 121 971
Income not receipted	7 956	24 958
Poster and Hall	53 769	29 160
Vhembe District Billing	12 427 875	11 719 542
Insurance claim - Chisanga	32 619	32 619
Cemetery Upgrade	2 481 568	2 481 568
Bank Credit facility	124 359	93 125
Advance payment pre-paid	299 848	396 326
Solly Noor	4 292 477	4 360 702
Provision for leave	5 235 177	4 360 291
Total creditors	41 290 990	48 228 389
The fair value of trade and other payables approximates their carrying amounts.		
11 CONSUMER DEPOSITS		
Electricity/Refuse	4 254 834	4 446 606
Total consumer deposits	4 254 834	4 446 606
Guarantees held in lieu of Electricity	913 338	608 424
12 VAT RECEIVABLE		
VAT receivable	2 526 412	228 601
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
13 TRANSFERS PAYABLE (NON-EXCHANGE)- DEPARTMENT TRANSPORT		
Taxes and transfers payable [Department Transport]	20 419 821	16 483 541
14 OTHER EMPLOYEE BENEFITS		
Performance bonus	1 704 117	1 059 810
Provision for long-service awards	3 228 038	2 306 808
	4 932 155	3 366 618
LONG SERVICE AWARDS		
Long service award projections/provisions is an actuarial assumption. This is the total value of the long service awards that were expected to be awarded to eligible employees over the year based on the data at the previous valuation date.		
The movement in the non-current provision is reconciled as follows: -		
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	2 338 162	2 087 994
Contributions to provision	1 355 885	250 169
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at the end of year	3 694 047	2 338 163

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2 013	2 012
	R	R
Provision for long-service awards:		
Balance at the beginning of year	2 306 808	2 306 808
Contributions to provision	921 320	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at the end of year	3 228 128	2 306 808

Reconciling and projecting the unfunded accrued liability

Unfunded Accrued Liability

Opening balance	2 306 808	1 413 647
Current-service cost	358 048	190 455
Interest cost	143 469	122 769
Expected return on plan assets		
Actuarial (Gain)/Loss	653 910	712 228
Past-service cost		
Effect of curtailment/settlement		
Expected employer benefit vesting	-234 197	-132 291
Employer prefunding contributions		
Closing Balance	3 228 038	2 306 808
Projected accrued liability	2 574 128	1 594 580

Net liability to reflect in the balance sheet

Opening balance	2 306 808	1 413 647
Current-service cost	358 048	190 455
Interest cost	143 469	122 769
Expected return on plan assets		
Transitional liability recognised		
Actuarial (Gain)/loss recognised in P&L	653 910	712 228
Past-service cost recognised		
Effect of curtailment/settlement		
Net Prelioc Cost Recognised in P&L	1 155 427	1 025 452
Actual employer benefits payments	-234 197	-132 291
Transitional liability recognised		
Employer prefunding contributions		
Transitional liability recognised outside P&L		
Actuarial (Gain)/loss recognised outside P&L		
Closing Balance	3 228 038	2 306 808

15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

15.1 Unspent Conditional Grants from other spheres of Government

MIG Grants	4 258 232	113 827
Total Unspent Conditional Grants and Receipts	4 258 232	113 827
Non-current unspent conditional grants and receipts	-	-
Current portion of unspent conditional grants and receipts	4 258 232	113 827

See Note 23.2 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

16 BORROWINGS

DBSA borrowings	16 671 107	18 025 469
	16 671 107	18 025 469
Less : Current portion transferred to current liabilities	-1 478 850	-1 348 428
DBSA borrowings	-1 478 850	-1 348 428
Total borrowings	15 192 257	16 677 041

Refer to Appendix A for more detail on borrowings.

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
17 FINANCE LEASE LIABILITY			
2013			
	Minimum lease payment	Future finance charges	Present value of minimum lease payments
	R	R	R
Amounts payable under finance leases			
Within one year	923 978	-219 896	704 082
Within two to five years	1 669 404	-196 337	1 473 067
	<u>2 593 382</u>	<u>-416 233</u>	<u>2 219 703</u>
Less: Amount due for settlement within 12 months (current portion)			-746 631
			<u>1 473 072</u>

The average lease term is 5 years for motor vehicle finance and the average effective borrowing rate is 8.00%. The average lease term is 3 years for computer finance and the average effective borrowing rate is 13.5% Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

2012	Minimum lease payment	Future finance charges	Present value of minimum lease payments
	R	R	R
Amounts payable under finance leases			
Within one year	637 172	-86 886	
Within two to five years	770 584	-89 619	
	<u>1 407 756</u>	<u>-176 505</u>	<u>1 231 251</u>
Less: Amount due for settlement within 12 months (current portion)			-550 286
			<u>680 965</u>

The average lease term is 5 years and the average effective borrowing rate is 8.50%. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

18 NON-CURRENT PROVISIONS

Provision for rehabilitation of landfill sites	3 694 047	2 338 163
Total Non-Current Provisions	<u>3 694 047</u>	<u>2 338 163</u>

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 11.5% over an average period of 8 years.

19 PROPERTY RATES

Actual		
Residential	3 634 032	4 574 450
Commercial	2 495 991	2 894 040
Light Industries	613 971	439 727
Farms	3 920 487	3 037 685
State	-	-
Total property rates	<u>10 664 480</u>	<u>10 945 902</u>
Property rates - penalties imposed and collection charges	-	-
Total	<u>10 664 480</u>	<u>10 945 902</u>

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
Valuations			
Farm Prop - Agricultural		3 168 534 928	1 231 929 000
Residential 1		21 948 000	706 516 700
Business 1		8 365 000	245 772 800
Industrial 1		134 764 860	
Industrial 2		1 443 000	
Municipal Properties		270 302 365	99 076 600
Private Sport/Social Clubs		11 820 000	
Institutional		110 000	385 000
Industrial Properties		107 941 000	57 710 000
Right of way		9 000	1 089 740
Residential Properties		1 337 994 215	
Commercial		16 270 000	17 917 000
Farm Prop - Business & Commerc		145 961 000	
Farm Prop - Other		178 500 000	
Farm Prop - Residential		6 140 000	
Business And Commercial		806 594 562	
State Owned - Agricultural		293 701 000	
State Owned - Commercial		113 747 000	103 603 000
State Owned - Public Benefit		39 220 000	
State Owned - Residential		185 659 000	22 130 000
State Owned - Schools		10 250 000	
Land Assistance Act		77 130 000	
Municipal - Commercial/Buss		1 680 000	1 000 000
National Monuments		2 000	
Public Benefit		58 680 000	
Public Service Infrastructure		80 536 100	
Private Schools		2 660 000	
Residential - Inconsistan Use		56 113 000	
Residential - Sectional Title		38 933 000	
Residential Vacant		39 053 785	
Eskom Servitude		2 698 000	
Special		15 450 000	1 420 000
Total Property Valuations		7 232 210 815	2 488 549 840

Valuations on land and buildings are performed every four years. The last valuation was done by Eli Stroh Pty Ltd and come into effect on 1 July 2012. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

Rates are levied on an annual basis on state and De Beers property owners, and other rates are levied monthly. Interest at prime + 1% per annum are levied on outstanding rates.

20 SERVICE CHARGES

Sale of electricity	74 747 695	70 602 963
Refuse removal	7 681 448	6 555 128
Total Service Charges	82 429 143	77 158 091

21 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	266 258	206 071
	-	-
Total rentals	266 258	206 071

22 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	109 333	94 292
External investments	633 095	268 199
Other	2 083	183 026
Total interest	744 510	545 518

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
23 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Debtors		1 319 725	1 564 984
Total interest		1 319 725	1 564 984
24 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		31 447 000	27 908 000
MIG Grant		10 437 639	12 039 000
Unspend Mig			3 518 232
FMG		1 250 000	1 250 000
MSIG		800 000	790 000
EPWP		1 000 000	-
Total Government Grant and Subsidies		44 934 639	45 505 232
24.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy that was approved by council (Tariff List).			
24.2 MIG Grant			
Balance unspent at beginning of year		113 827	3 632 059
Current year receipts		14 604 000	12 039 000
Conditions met - transferred to revenue		-10 459 597	-15 557 232
Conditions still to be met - remain liabilities (see note 14.1)		4 258 230	113 827
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.			
24.3 Government Grants and Subsidies			
Balance unspent at beginning of year			
Current year receipts		34 497 000	29 948 000
Conditions met - transferred to revenue		-34 497 000	-29 948 000
Conditions still to be met - remain liabilities (see note 14.1)		-	-
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.			
25 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
25.1 Other income			
Sundry Income		130 093	255 941
Tenders General		74 719	47 500
Commission Old Mutu		6 805	5 549
Membership fees - Library		5 716	8 280
Permits - Clearanc		18 804	31 732
Grave Fees & Stone		94 120	83 633
Building Plans		128 303	117 703
Sale of Stands		10 912 976	8 484 367
Total Other Income		11 371 535	9 034 706

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2 013	2 012
	R	R
26 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	23 865 176	23 386 345
Employee related costs - Contributions for UIF, pensions and medical aids	7 148 070	5 703 324
Travel, motor car, accommodation, subsistence and other allowances	1 771 686	1 379 534
Housing benefits and allowances	1 199 792	252 986
Overtime payments	6 448 452	7 384 997
Performance and other bonuses	1 906 518	2 885 326
Long-service awards	1 219 945	1 045 357
Other employee related costs	50 662	210 974
Total Employee Related Costs	43 610 301	42 248 843

There were no advances to employees

Remuneration of the Municipal Manager

Annual Remuneration	373 292	835 661
Performance- and other bonuses	42 500	430 394
Total	415 792	1 266 055

Remuneration of the Chief Finance Officer

Annual Remuneration	527 250	-
Performance- and other bonuses	-	405 925
Travel, motor car, accommodation, subsistence and other allowances	150 000	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	677 250	405 925

Remuneration of Individual Executive Directors

	Technical Services R	Corporate Services R	Community Services R
2013			
Annual Remuneration	540 948	399 787	502 392
Performance- and other bonuses	45 366	25 356	38 422
Travel, motor car, accommodation, subsistence and other allowances	52 000	54 542	97 500
Contributions to UIF, Medical and Pension Funds	-	-	-
Total	638 313	479 685	638 313

**Economic
Development &
Planning**

2013	
Annual Remuneration	381 946
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	76 500
Contributions to UIF, Medical and Pension Funds	70 632
Total	529 078

	Technical Services R	Corporate Services R	Community Services R
2012			
Annual Remuneration	544 984	-	499 484
Performance- and other bonuses	52 000	343 906	97 500
Travel, motor car, accommodation, subsistence and other allowances	-	-	-
Contributions to UIF, Medical and Pension Funds	-	-	-
Total	596 984	343 906	596 984

27 REMUNERATION OF COUNCILLORS

Executive Mayor	665 415	630 737
Chief Whip	504 034	477 762
Councillors	1 462 990	1 375 680
Councillors' pension and medical aid contributions	432 902	335 730
Councillors' allowances	607 646	576 404
Total Councillors' Remuneration	3 672 987	3 396 313

The Mayor and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council. The Mayor has use of a Council owned vehicle and driver for official duties. Disclosure in terms of the MFMA, 2003, Section 124(1)(a)

28 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	18 956 269	18 493 099
Intangible assets	41 161	34 748
Investment property carried at cost	-	-
Biological assets carried at cost	-	-
Total Depreciation and Amortisation	18 997 429	18 527 847

REPAIRS AND MAINTENANCE

Repairs and maintenance	8 384 530	7 742 304
Repairs and maintenance (Musina roads repairs)	-	15 050 317
	8 384 530	22 792 621

During the year T & C have been appointed to repair existing Musina roads for the cost of R 15 713 300. The project was initially budget as capital project. The cost incurred is now treated as expense because it does not meet the criteria of capitalisation.

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
29 FINANCE COSTS			
Borrowings (External loan cost)		1 939 619	2 065 001
		-	-
Total Finance Costs		1 939 619	2 065 001
30 BULK PURCHASES			
Electricity		34 685 065	37 490 020
		-	-
Total Bulk Purchases		34 685 065	37 490 020
Electricity losses		2.65%	2.74%
31 CONTRACTED SERVICES			
Contracted services for:			
Security		4 904 217	4 106 102
		-	-
		4 904 217	4 106 102
32 GRANTS AND SUBSIDIES PAID			
Equitable Share [Indigents]		2 672 542	2 369 231
		-	-
		2 672 542	2 369 231

Disclosure in terms of the MFMA, 2003 Section 123(1)(b)

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
33 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		246 438	104 985
Audit fees		1 529 513	2 689 857
Bank charges		311 758	395 429
Bursaries		109 876	-
Conferences and delegations		-	230 743
Consulting fees		2 915 811	473 282
Consumables		311 115	253 212
Entertainment		1 112 605	697 020
Fuel and oil		780 501	708 645
Insurance		652 308	584 898
Legal expenses		358 314	270 759
Licence fees - vehicles		68 902	198 488
Licence fees - computers		284 965	-
Membership fees		443 763	442 234
Postage		186 172	204 175
Printing and stationery		943 997	736 034
Rental of buildings		42 056	137 699
Operating lease		186 561	-
Skills development levies		420 460	364 332
Telephone cost		2 603 612	2 124 906
Training		1 465 166	889 176
Travel and subsistence		4 291 099	2 506 269
Uniforms & overalls		288 471	200 065
Valuation costs		557 522	2 160 632
Community liason		204 570	396 227
Mayor excellence awards		343 058	198 117
Paupers Burial		55 452	55 880
Non Capital Goods		224	30 703
Interest late payment		116 194	52 253
Medical Examination		57 507	52 519
Township Establishment		3 719 433	5 751 936
Free electricity -		132 419	
LED Fund		203 684	
IDP Workshops		44 796	66 230
Transaction Fees		603 108	562 087
Enviromental		1 355 885	250 169
Provision for leave		1 835 950	3 210 675
Provision Pension benefit		1 052 813	
Annual Bonus - Prov		644 307	
		30 480 385	26 999 636

34 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)

Property, plant and equipment	47 408 968	-
During the year an impairment test, was performed on all categories of Property, Plant and Equipment. The method which was used to determine the recoverable amount was the higher of fair value less costs and value in use. The impairment existed in the category of roads infrastructure		

Total Impairment loss / (Reversal of Impairment Loss)

Fair value less cost to sell and value in use

Because the unbundling of the infrastructure assets was done recently, the value in use and the fair value was deemed to be the same, other than the fact that it can differ if the infrastructure has significant damages. As such the recoverable

The engineer estimated the costs of damages of each class of infrastrucutre assets based on quoted prices available in the market to restore the infrastructure and the professional knowledge based on the industry norms

Total Impairment loss / (Reversal of Impairment Loss)

47 408 968	-
-------------------	----------

Value in use

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2 013	2 012
	R	R
35 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT		
Investment property carried at fair value	5 724 065	-
Biological assets carried at fair value	-	-
Other financial assets	-	-
Other financial liabilities	-	-
Total Profit / (Loss) on Fair Value Adjustment	5 724 065	-

36 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	8 903 291	1 777 238
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	8 903 291	1 777 238

37 Property, plant and equipment

GRAP 17 Paragraph 61 state that the residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Reassessment

Vehicles		4 347 451
Plant & equipment		2 368 298
Office equipment		2 900 147
Bins and Containers		1 463 220
Furniture and Fittings		1 771 132
Truvello Radar		2 342
Infrastructure		1 555 767
		14 408 357

R1 Valued Items

Vehicles		849 312
Plant & equipment		4 242
Office equipment	6 072	148 230
Bins and Containers	242 759	-
Furniture and Fittings	208 790	53 000
Truvello Radar	479 113	-
Infrastructure		37 539
Total Cost		1 092 323
Net impact to the Accumulated surplus		
Total	936 734	15 500 680

38 CORRECTION OF ERROR

During the year ended 30 June 2012, municipality did unbundling, assessment of

38.1 useful life and fair value of PPE

The comparative amount has been restated as follows:

Depreciation

Unbundling Infrastructure	-	16 094 889
Community	-	-675 065
Budget & Treasury	-	-954 458
Net effect on surplus/(deficit) for the year	-	14 465 367
Accumulated depreciation - Infrastructure	-	-16 007 813
Accumulated depreciation - Community assets	-	675 065
Accumulated depreciation - Budget & Treasury	-	954 458
Infrastructure	-	213 078 779
Community	-	-1 430 458
Budget & Treasury	-	1 067 492
Net effect on Statement of Financial Position	-	198 337 523
Net effect on Accumulated surplus opening balance	-	212 802 889

During the year the year, municipality identified omission with respect to the roads infrastructure. The impact in the financial statements is as follows:

During the year it was discovered that infrastructure assets were Understated by an amount 9 994 618 as a result of roads belonging to the Municipality not in the

38.2 included in the asset register or Property plant and E equipment.

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013 R	2 012 R
The 2012 comparative figures will be affected as follows:			
Increase in Infrastructure assets		9 994 618	
increase in accumulated Surplus		<u>-1 998 923</u>	
Net effect in Statement of financial Position		<u>7 995 695</u>	
Adjustment against Accumulated surplus at the end of 2012 year		<u>7 995 695</u>	
During the year it was discovered that investment property belonging to the			
38.3 Municipality was not included in the the register at the end of 2012 financial year			
The 2012 Comparative figures will be affected as follows			
Increase in Investment Property		69 076 125	
Net effect in statement of financial Position		<u>69 076 125</u>	
Adjustment against Accumulated surplus at the end of 2012 year		<u>69 076 125</u>	
During the year it was discovered that creditors were understated by an amount of			
38.4 3 022 901.12. This relates to payment made in the current year for invoices or services in the previous years.			
The 2012 Comparative figures will be affected as follows			
Increase in creditors		3 022 901	
Net effect in the statement of financial position		<u>3 022 901</u>	
Adjustment against Accumulated surplus at the end of 2012 year		<u>-3 022 901</u>	
Other			
During the year it was discovered that infrastructure assets were overstated by an			
38.5 amount 4 673 879.69, This relates to assets that were wrongly added in the asset register as part of Unbundling that was done in the prior year.			
The 2012 Comparative figures will be affected as follows			
Decrease In infrastructure assets		-4 673 880	
Net effect in statement of financial Position		<u>-4 673 880</u>	
Accumulated Depreciation		<u>-934 776</u>	
Adjustment against accumulated surplus			
Infrastructure assets		-4 673 880	
Accumulated depreciation		<u>934 776</u>	
Net effect on Accumulated surplus		<u>-3 739 104</u>	
During the year it was discovered that street lights were overstated as a result of			
38.6 Unbundling that was performed in the previous year			
The 2012 Comparative figures will be affected as follows			
Decrease In infrastructure assets		-110 191	
Net effect in statement of financial Position		<u>-110 191</u>	
Accumulated depreciation		<u>22 038</u>	
Net effect in accumulated surplus		<u>-88 153</u>	
During the year it was discovered that land classified as investment Property was			
38.7 incorrectly duplicated under PPE			
The 2012 Comparative figures will be affected as follows			
Decrease in Land-PPE		-5 261 700	
Net effect in accumulated surplus		<u>5 261 700</u>	
During the year it was discovered that Transformers were duplicated in the asset			
38.8 register as a result of unbundling that was done in the previous year			
The 2012 Comparative figures will be affected as follows			
Increase In Infrastructure		1 091 350	
Decrease in infrastructure		-505 213	
Increase accumulated depreciation		-218 270	
Decrease in accumulated depreciation		<u>101 043</u>	
Net effect in accumulated surplus		<u>468 910</u>	
During the year it was discovered that PPE were understated by an amount R936			
38.9 734 as a result of Movable assets that were not in the asset register.			
The 2012 Comparative figures will be affected as follows			
Increase in PPE		936 734	
Accumulated depreciation		<u>-174 978</u>	
Net effect on accumulated surplus		<u>761 756</u>	
During the year it was discovered that revenue to the Value of R549 308			
38.10 Consisting of traffic fines was overstated as a result of not applying the best estimate on collection of revenue from Fines. The Total amount of traffic fines was recorded as revenue			
The 2012 Comparative figures will be affected as follows			
Decrease In revenue		549308	
Net effect in accumulated surplus		<u>-549308</u>	

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
During the year it was discovered that PPE was Overstated by an amount R6 801 694.16 as a result of Road belonging to RAL incorrectly added into our asset register.			
38.11			
The 2012 Comparative figures will be affected as follows			
Decrease in PPE		-6 801 694.16	
Accumulated depreciation		1 314 988.16	
Net effect on accumulated surplus		<u>-5 486 706.00</u>	

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
39 DISALLOWED

39.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	3 052 961	
Unauthorised expenditure current year	32 079 700	3 052 961
Approved by Council or condoned	-3 052 961	
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	<u>32 079 700</u>	<u>3 052 961</u>

Council Resolution dated

39.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance -	7 107 046	7 136 054
Fruitless and wasteful expenditure current year	116 194	19 173
Condoned or written off by Council		-48 181
Transfer to irregular		
To be recovered – contingent asset		-
Fruitless and wasteful expenditure awaiting condonement	<u>7 223 241</u>	<u>7 107 046</u>

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
39.3 Irregular expenditure			
Reconciliation of irregular expenditure			
Opening balance		63 134 836	43 650 309
Irregular expenditure current year		1 160 683	19 484 527
Condoned or written off by Council			
Transfer to receivables for recovery – not condoned			
Irregular expenditure awaiting condonement		<u>64 295 518</u>	<u>63 134 836</u>

Due to deviations from the procurement processes (invitations of three written quotations, increase to bidding price, and no relevant contract or tender documentation) that were approved on the basis of it being an emergency, while it was possible to comply with the requirements or where proper planning would have prevented the deviations. Due to contracts that were extended or renewed to such an extent that competitive bidding processes were being circumvented.

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE
40 MANAGEMENT ACT

40.1 Contributions to SALGA

Opening balance	-	434 544
Council subscriptions	416 768	318 372
Amount paid - current	-416 768	-752 916
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

40.2 Audit fees

Opening balance	1 596 881	2 453 197
Current year audit fee	1 780 661	3 714 805
Amount paid - current year	-1 370 237	-2 054 673
Amount paid - previous years	-1 596 881	-2 516 448
Balance unpaid (included in payables)	<u>410 425</u>	<u>1 596 881</u>

The balance unpaid represents the audit fee for an interim audit conducted during May and June 2013 and is payable by 31 July 2014.

40.3 VAT

VAT input receivables and VAT output payables are shown in note 11. All VAT returns have been submitted by the due date throughout the year.

40.4 PAYE and UIF

Opening balance	312 442	
Current year payroll deductions	7 092 744	312 442
Amount paid - current year	-6 449 557	
Amount paid - previous years	-312 442	
Balance unpaid (included in payables)	<u>643 187</u>	<u>312 442</u>

40.5 Pension and Medical Aid Deductions

Opening balance		
Current year payroll deductions and Council Contributions	7 968 665	6 551 875
Amount paid - current year	-7 968 665	-6 551 875
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-0</u>	<u>-</u>

40.6 Councillor's arrear consumer accounts

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
The following Councillors had arrear accounts outstanding for more than 90 days as at: -			
as at 30 June 2013			
JS Banda [249661]	14 827		14 827
JS Banda [251043]	5 460		5 460
JS Banda [264821]	2 800		2 800
PS Tlou [248403]	23 458		23 458
J Kaunda [41913]	4 010		4 010
	-		
Total Councillor Arrear Consumer Accounts	<u>50 555</u>	<u>-</u>	<u>50 555</u>
as at 30 June 2012			
JS Banda [249661]	16 403		16 403
JS Banda [251043]	7 488		7 488
JS Banda [264821]	881		881
PS Tlou [248403]	18 971		18 971
J Kaunda [41913]	7 624		7 624
Total Councillor Arrear Consumer Accounts	<u>51 367</u>	<u>-</u>	<u>51 367</u>

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2 013	2 012
	R	R

41 CAPITAL COMMITMENTS

41.1 Commitments in respect of capital expenditure

- Approved and contracted for	3 736 976	-
Infrastructure	-	
Community	3 736 976	
Heritage	-	
Other	-	
- Approved but not yet contracted for	49 684 000	14 638 000
Infrastructure	27 800 000	
Community	21 884 000	14 638 000
Heritage	-	-
Budget & Treasury	-	-
Total	53 420 976	14 638 000

Commitments in respect of operating project expenditure

- Approved and contracted for	2 697 260	-
Infrastructure	-	
Community	2 697 260	
Heritage	-	
Other	-	
- Approved but not yet contracted for	2 833 559	-
Infrastructure	-	
Community	-	
Heritage	-	
Budget & Treasury	2 833 559	
Total	5 530 819	-
Total Commitments	58 951 795	14 638 000

This expenditure will be financed from:

- External Loans	20 000 000	-
- Government Grants	20 580 976	14 638 000
- Own resources	18 370 819	-
	58 951 795	14 638 000

41.2 COMMITMENTS IN RESPECT OFF OPERATING LEASES

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Within one year	24 156	-
In the second to fifth year inclusive	-	-
After five years		
Total	24 156	-

Operating Leases consists of the following:

Operating lease payments represent office space payable by the municipality for certain of its office space leased. Leases are negotiated for an average of 1 year and have an annualy ecallation of 10%

42 POST- RETIREMENT MEDICAL AID BENEFITS

Opening Accrued Liability	5 294 162	3 243 192
Current-service Cost	385 467	221 789
Interest cost	429 976	
Contributions (benefits paid)	-99 504	-66 634
Total Annual Expense	715 939	155 155
Actuarial Loss/Gain	336 874	2 050 970
Closing Accrued Liability	6 346 975	5 294 162

The Municipality provides certain post-retirement medical aid benefits . These medical aid benefits are unfunded.

These projections assume that he Municipality's health care arrangement and subsidy policy will remain as outlined in the valuation rapport and that all the actuarial assumptions made are borne out in practice

In addition, it is assumed that no contributions are made by the Municipality towards prefunding its liability via an off-balance sheet vehicle.

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
43 CONTINGENT LIABILITY			
43.1 Claim for damages		-	3 986 000
Municipality is being sued damage claims for removal of street vendors stock by force.T Ramadzhamba & 35 others			
43.2 Eskom Guarantee		2 374 889	3 552 375
Remaining portion of Bank Guarantee to Eskom pledged by ABSA on behalf of Municipality			
43.3 Unpaid Supplier			
Municipality is being sued for not paying KPMM for work done .		-	8 300 000
43.4 Unpaid Supplier			
African Oxygen		270 053	
The claim had been lodged against the Municipality by African Oxygen for rental of gas which was not paid. The Cost of the goods is estimated at R 270 053. The court date had been set and the case is still on going.			
43.5 Unpaid Supplier			
Slabby Consulting		648 107	
The claim had been lodged against the Municipality by Slabby Consulting for the Services delivered which were not paid. The Cost of the goods/Services is estimated at R648 107. The court date had been set and the case is still on going.			
43.6 Claim			
Dickson Pesulo		146 000	
The council is being Sued by Mr Dickson Pesulo for loss of income.The cost of income lost is estimated to at R146 000.The Court date had been set the case is still on going.			
44 CONTINGENT ASSET			
The municipality do not have contingent assets			

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
44 RELATED PARTIES			
Key Management - Refer to note 25			
Vhembe District Municipality			
As Vhembe District Municipality is the Water Services Authority and Musina Local Municipality is the water services provider, however the service level agreement was in dispute and the dispute was lodged with National Treasury for a final decision. The final decision from National Treasury states that all assets should be in the books of Vhembe District Municipality therefore Musina Local Municipality will not include any water transactions or assets in their Annual Financial Statements. The following transactions are involved:			
44.1 List of outstanding debtors for :			
Water		8 884 385	8 283 136
Water basic		431 767	382 040
Sewerage		3 105 882	3 047 397
Septic tanks		624	624
Water new connection		5 218	6 345
		12 427 875	11 719 542
44.2 List of all the deposits for :			
Water		2 352 399	2 101 591
Sewerage		1 015 265	685 220
Total amount as on 30 June 2013		3 367 664	2 786 810
44.3 Total billings for the year 01 July 2012 to 30 June 2013 for :			
Water		24 373 374	15 971 640
Water basic		294 620	5 225 891
Sewerage		4 703 651	247 820
Total amount (including vat)		29 371 645	21 445 351
44.4 Total allocated cash receipts for :			
Sewerage		-4 586 335	8 295 347
Water		-24 630 708	103 320
Water basic		-262 046	16 173
Income Water Connections		-13 901	962 275
Income PrePaid		-1 174 951	1 929 311
Income Septic Tanks		-26 096	
Total allocated cash receipts for : 12/13		-30 694 037	11 306 425
Calculation of the amount payable by Musina Local Municipality to Vhembe District Municipality, (Promis votes ledger)			
2004/2005 book year		8 233 503	
2005/2006 book year		8 371 788	
2006/2007 book year		16 238 407	
2007/2008 book year		14 713 134	
2008/2009 book year		10 086 753	
2009/2010 book year		12 175 505	
2010/2011 book year		27 544 069	
2011/2012 book year		9 413 499	
2012/2013 book year		31 665 564	
		138 442 222	
Calculation of the amount payable by Vhembe District Municipality, to Musina local Municipality (Promis votes ledger)			
2004/2005 book year		8 460 565	
2005/2006 book year		8 712 445	
2006/2007 book year		18 793 320	
2007/2008 book year		13 120 889	
2008/2009 book year		13 809 346	
2009/2010 book year		16 128 067	
2010/2011 book year		21 382 664	
2011/2012 book year		18 641 036	
2012/2013 book year		33 451 354	
		152 499 686	
TOTAL		14 057 464	
The cost of indigent subsidy for water and sewerage for the financial year 1 July 2012 - 30 June 2013		2 844 310	2 265 028
44.7			
44.8 Total provision leave 1 July 2012 - June 2013		753 083	841 198
44.9 Total amount of stock as on 30 June 2013		386 686	472 310

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2 013	2 012
	R	R

45 EVENTS AFTER THE REPORTING DATE

The Accounting officer is not aware of any significant material matter or circumstances that occurred after year end that warrant adjustment of or disclosure in the financial statement.

46 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Provision for doubtful debts
Impairment of assets
Provision for long-term service award

Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets
Provisions
Other

47 RISK MANAGEMENT

47.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

ABSA Bank - Fixed deposits	8 278 911	6 396 945
ABSA Bank - Current/Cheque account	8 903 291	1 777 238

These balances represent the maximum exposure to credit risk.
The municipality is exposed to an ABSA bank guarantee in favour of Eskom.

47.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Not later than one month	Later than one month and not later than three months
2013		
Gross finance lease obligations		
Borrowings		
Trade and other payables		
Other		
	Later than three months and not later than one year	Later than one year and not later than five years
2012		
Gross finance lease obligations	637 172	770 584
Borrowings	1 348 428	16 677 041
	1 985 600	17 447 625
	Not later than one month	Later than one month and not later than three months
2011		
Gross finance lease obligations	546 742	653 636
Borrowings	1 232 295	12 907 002
	1 779 037	13 560 638

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2 013	2 012
		R	R
47.3 Interest rate risk			
<p>The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.</p> <p>At year end, financial instruments exposed to interest rate risk were as follows:</p>			
- Development Bank of South Africa loan		16 671 107	18 025 469
-Bankfin		679 569	1 231 252
		17 350 676	19 256 721
48 OPERATIONAL GRANT EXPENDITURE			
Finance Management grant [FMG]		1 250 000	1 250 000
Municipal System Improvement Grant [MSIG]		800 000	790 000
EPWP		1 000 000	
TOTAL OPERATIONAL GRANT EXPENDITURE		3 050 000	2 040 000
49 INCOME FOREGONE			
Assesment Rates		68 225	449 410
Prepaid electricity (power cards)			117 232
TOTAL INCOME FOREGONE		68 225	449 410
50 ELECTRICITY PRE-PAID POWER CARDS			
Value of cards as at 30 June 2013			
Bosveld Enterprises		-	-
Kwik Spar		-	4 290
Mshongo Classic		-	4 560
Engern Petrol Station		-	840
		-	68 560
TOTAL ELECTRICITY PRE-PAID POWER CARDS		-	78 250
51 IN-KIND DONATIONS AND ASSISTANCE			
The Municipality received the following in-kind donations and assistance			
Description			
Mayoral Awards		-	40 000
52 RETIREMENT BENEFIT INFORMATION			
<p>Defined contribution plan</p> <p>The following are defined contribution plans: Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. These contributions have been expensed.</p> <p>Defined benefit plan</p> <p>The following are defined benefit plans: Municipal Gratuity Fund. This plan is not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.</p> <p>Certain employees of the municipality belong to the Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. The most recent actuarial valuation was done in 2013. These valuations indicate that the plan is in a sound financial position.</p> <p>An amount of R5 293 953 (2012 : R4 692 791) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.</p>			

Musina Local Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2013

	Loan number	Redeemable Date	Balance at 30 June 2012	Received during the period	Redeemed / written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
EXTERNAL LOANS			R	R	R	R	R	R
LONG-TERM LOANS								
(DBSA) INFRASTRUCTURE @ 10%	102405	30/06/2026	18 025 468.78		(1 354 362)	16 671 107		
(BANKFIN) TOYOTA HILUX 2.5D-4D @ 8%	77532299	01/09/2013	35 634.31		(28 219)	7 416	16 922	
(BANKFIN) TOYOTA HILUX 2.5D-4D @ 8%	77532345	01/09/2013	35 634.31		(28 219)	7 416	16 922	
(BANKFIN) 2008 S.A.M.E EXPLORER 85 SPE @ 8%	77532043	01/09/2013	76 879.37		(60 881)	15 999	15 233	
(BANKFIN) 2008 TOYOTA DYNA 7-105 4.5 TO @ 8%	77552362	01/09/2013	68 429.66		(54 189)	14 240	32 624	
(BANKFIN) TOYOTA HILUX 2.5D-4D @ 8%	77532310	01/09/2013	35 634.31		(28 219)	7 416	16 922	
(BANKFIN) AVESIS 2.0 ADVAN @ 8%	77531802	01/09/2013	61 807.80		(48 945)	12 862	35 648	
(BANKFIN) 2008 RCEDES BENZ MO350(W164) @ 8%	77196795	02/08/2016	725 911.08		(151 507)	574 404	567 195	
(BANKFIN) 2008 HINO 13-237 @ 8%	77552214	01/09/2013	191 321.54		(151 506)	39 816	127 154	
TOTAL EXTERNAL LOANS			19 256 721	-	(1 906 045)	17 350 676		

Musina Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfer s	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Constructi on	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	35 090 602	-	-	-	35 090 602	-	-	-	-	-	-	-	35 090 602
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	35 090 602	-	-	-	35 090 602	-	-	-	-	-	-	-	35 090 602
Buildings	37 415 961	1 723 270	-	2 203 054	41 342 285	-4 794 365	-1 250 177	-	-	-6 044 542	-	-	35 297 744
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	166 679 756	-	-	-	166 679 756	-31 979 770	-9 998 271	-	-47 408 968.00	-89 387 008	-	-	77 292 747
Sewerage Mains & Purification	631 178	-	-	-	631 178	-73 735	-22 542	-	-	-96 277	-	-	534 901
Electricity Mains	74 981 810	125 475	-	-	75 107 285	-14 996 360	-4 998 787	-	-	-19 995 148	-	-	55 112 137
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	127 610	-	-	-	127 610	-58 763	-5 391	-	-	-64 154	-	-	63 456
Water Meters	355 692	-	-	-	355 692	-152 440	-12 703	-	-	-165 143	-	-	190 549
Storm Water	478 824	-	-	-	478 824	-319 215	-79 804	-	-	-399 019	-	-	79 805
	243 254 869	125 475	-	-	243 380 345	-47 580 283	-15 117 498	-	-47 408 968	-110 106 749	-	-	133 273 596
Community Assets													
Parks & Gardens	-	-	-	1 526 028	1 526 028	-	-	-	-	-	-	-	1 526 028
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	21 155 204	-	-	3 696 303	24 851 507	-554 799	-519 335	-	-	-1 074 134	-	-	23 777 373
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	21 155 204	-	-	5 222 331	26 377 535	-554 799	-519 335	-	-	-1 074 134	-	-	25 303 401
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	336 916 636	1 848 745	-	7 425 385	346 190 767	-52 929 447	-16 887 010	-	-47 408 968	-117 225 424	-	-	228 965 343

Musina Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfer s	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Constructi on	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	336 916 636	1 848 745	-	7 425 385	346 190 767	-52 929 447	-16 887 010	-	-47 408 968	-117 225 424	-	-	228 965 343
Other Assets													
Office Equipment	3 562 061	41 533	(260 669)	-	3 342 925	-2 152 670	-567 097	172 801	-	-2 546 966	-	-	795 959
Furniture & Fittings	2 310 247	182 738	(46 248)	-	2 446 737	-1 291 292	-332 669	32 949	-	-1 591 012	-	-	855 725
Bins and Containers	1 463 220	-	-	-	1 463 220	-221 878	-44 350	-	-	-266 228	-	-	1 196 992
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	2 402 008	-	(59 800)	-	2 342 208	-1 782 190	-322 900	44 634	-	-2 060 455	-	-	281 753
Car Port	8 494	-	-	-	8 494	-3 000	-653	-	-	-3 653	-	-	4 841
Computer Equipment	211 132	-	-	-	211 132	-41 397	-46 553	-	-	-87 950	-	-	123 182
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	9 957 161	224 271	(366 716)	-	9 814 717	-5 492 427	-1 314 221	250 384	-	-6 556 265	-	-	3 258 452
Finance Lease Assets													
Office Equipment	-	1 219 556	-	-	1 219 556	-	-100 237	-	-	-100 237	-	-	1 119 319
Other Assets	6 016 425	1 448 717	-	-	7 465 142	-3 880 179	-905 184	-	-	-4 785 363	-	-	2 679 779
	6 016 425	2 668 273	-	-	8 684 698	-3 880 179	-1 005 421	-	-	-4 885 600	-	-	3 799 097
Total	352 890 223	4 741 289	(366 716)	7 425 385	364 690 181	-62 302 053	-19 206 652.42	250 384	-47 408 968	-128 667 289	-	-	236 022 892

Musina Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfer s	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Constructi on	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	40 352 302	-	(5 261 700)		35 090 602				-	-	-	-	35 090 602
Sport Fields	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	40 352 302	-	(5 261 700)	-	35 090 602	-	-	-	-	-	-	-	35 090 602
Buildings	35 417 717	1 998 244	-	-	37 415 961	-4 412 040	-382 325	-	-	-4 794 365	-	-	32 621 596
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	163 486 832	3 192 924	-	-	166 679 756	-21 530 195	-10 449 574	-	-	-31 979 770	-	-	134 699 986
Sewerage Mains & Purification	576 592	54 586	-	-	631 178	-51 184	-22 551	-	-	-73 735	-	-	557 443
Electricity Mains	79 179 743	475 947	(4 673 880)	-	74 981 810	-10 557 298	-4 439 062	-	-	-14 996 360	-	-	59 985 449
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	51 606	76 004	-	-	127 610	-9 689	-49 074	-	-	-58 763	-	-	68 847
Water Meters	355 692	-	-	-	355 692	-153 970	1 530	-	-	-152 440	-	-	203 252
Storm Water	449 574	29 250	-	-	478 824	-337 114	17 899	-	-	-319 215	-	-	159 609
	244 100 039	3 828 710	(4 673 880)	-	243 254 869	-32 639 450	-14 940 833	-	-	-47 580 283	-	-	195 674 587
Community Assets													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	16 615 852	4 539 352	-	-	21 155 204	-389 048	-165 751	-	-	-554 799	-	-	20 600 405
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	16 615 852	4 539 352	-	-	21 155 204	-389 048	-165 751	-	-	-554 799	-	-	20 600 405
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	336 485 910	10 366 306	(9 935 580)	-	336 916 636	-37 440 538	-15 488 909	-	-	-52 929 447	-	-	283 987 190

Musina Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfer s	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Constructi on	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	336 485 910	10 366 306	(9 935 580)	-	336 916 636	-37 440 538	-15 488 909	-	-	-52 929 447	-	-	283 987 190
Other Assets													
Office Equipment	6 323 853	644 062	(3 405 854)	-	3 562 060.77	-6 070 470	586 735	3 331 065	-	-2 152 670	-	-	1 409 391
Furniture & Fittings	2 255 316	539 115	(484 184)	-	2 310 246.54	-3 673 765	151 149	2 231 324	-	-1 291 292	-	-	1 018 954
Bins and Containers	1 463 220	-	-	-	1 463 220.00	-195 248	-26 630	-	-	-221 878	-	-	1 241 342
Emergency Equipment	28 219	-	(28 219)	-	-	-	-15 645	15 645	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire engines	4 195 829	33 710	(1 827 531)	-	2 402 008.00	-1 558 222	-1 782 190	1 558 222	-	-1 782 190	-	-	619 818
Refuse tankers	8 494	-	-	-	8 494.00	-2 927	-73	-	-	-3 000	-	-	5 494
Computer Equipment	2 342	208 790	-	-	211 132.28	-1 494	-39 903	-	-	-41 397	-	-	169 735
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	14 277 273	1 425 677	(5 745 788)	-	9 957 162	-11 502 126	-1 126 558	7 136 256	-	-5 492 427	-	-	4 464 734
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	4 604 624	1 668 974	(257 173)	-	6 016 425	-3 366 494	-513 684	-	-	-3 880 178	-	-	2 136 247
	4 604 624	1 668 974	(257 173)	-	6 016 425	-3 366 494	-513 684	-	-	-3 880 178	-	-	2 136 247
Total	355 367 807	13 460 957	(15 938 541)	-	352 890 223	-52 309 158	-17 129 150	7 136 256	-	-62 302 052	-	-	290 588 171

Musina Local Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation						Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Take on	Under Constructi on	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R		R	R	R	R	R	R	R	
Executive & Council	2 590 599	171 591	12 575		(26 115)	2 748 650	1 432 690	22 325	(19 148)	1 435 866	1 312 784
Finance & Admin	256 816 076	1 267 280	490 554		(5 488 500)	253 085 410	44 891 089	266 182	(169 360)	44 987 911	208 097 499
Planning & Development	42 257 173		355 386			42 612 559	231 925	155 151		387 076	42 225 483
Health	75 996					75 996	52 992			52 992	23 004
Community & Social Services	187 429		6 755			194 184	165 471	1 940		167 411	26 773
Public Safety	623 593					623 593	412 415			412 415	211 178
Sport & Recreation	10 447 209	5 222 331				15 669 540	19 968			19 968	15 649 572
Environmental Protection						-				-	-
Waste Management	2 162 192					2 162 192	745 995			745 995	1 416 197
Road Transport		11 448 291	66 913			11 515 204		5 271 520		5 271 520	6 243 684
Water						-				-	-
Electricity	38 386 053	1 216 825			(615 404)	38 987 475	13 395 405	25 118	(123 081)	13 297 442	25 690 033
Other		3 980 524	4 551		(85 947)	3 899 129		67 548 048	(61 875)	67 486 173	(63 587 044)
Total	353 546 320	23 306 843	936 734	-	(6 215 966)	371 573 931	61 347 949	73 290 284	(373 465)	134 264 769	237 309 162

Musina Local Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013

2012	2012	2012		2013	2013	2013
Actual Income	Actual	Surplus /		Actual Income	Actual	Surplus /
R	Expenditure	(Deficit)		R	Expenditure	(Deficit)
	R	R			R	R
11 254 892	40 072 425	(28 817 533)	Executive & Council	10 876 098	43 790 808	(32 914 711)
32 145 666	29 302 558	2 843 108	Finance & Admin	36 621 751	90 814 093	(54 192 342)
12 039 000	8 152 384	3 886 616	Planning & Development	11 265 824	13 842 981	(2 577 158)
91 913	799 432	(707 519)	Community & Social Service:	99 836	440 705	(340 870)
	2 822 240	(2 822 240)	Sport & Recreation		3 895 078	(3 895 078)
6 555 128	9 307 204	(2 752 076)	Waste Management	7 681 448	8 997 855	(1 316 408)
17 396 337	28 069 693	(10 673 356)	Road Transport	4 110 155	8 360 172	(4 250 017)
70 602 963	44 536 240	26 066 723	Electricity	74 747 695	43 190 801	31 556 894
	2 168	(2 168)	Other		417 206	(417 206)
150 085 899	163 064 344	(12 978 445)		145 402 806	213 749 700	(68 346 893)
			Less: Inter-Department Charges			
150 085 899	163 064 344	(12 978 445)	Total	145 402 806	213 749 700	(68 346 893)

APPENDIX E1
Reconciliation of Budget Summary

Description	2012/2013									
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthori sed expenditu re	Variance	Actual Outcome as % of Final Budget
R thousands	1	2	3	4	5	6	7	8	9	10
Financial Performance										
Property rates	(10 070 893)	-	(10 070 893)		-	(10 070 893)	(10 664 480)		(593 587)	106
Service charges	(101 469 785)	-	(101 469 785)		-	(101 469 785)	(82 429 143)		19 040 642	81
Investment revenue	(342 093)	-	(342 093)		-	(342 093)	(744 510)		(402 417)	218
Transfers recognised - operational	(34 497 000)	-	(34 497 000)		-	(34 497 000)	(34 497 000)		-	100
Other own revenue	(10 515 212)	-	(10 515 212)		-	(10 515 212)	(17 067 673)		(6 552 461)	162
Total Revenue (excluding capital transfers and contributions)	(156 894 983)	-	(156 894 983)	-	-	(156 894 983)	(145 402 806)	-	11 492 177	93
Employee costs	56 043 310		56 043 310		319 414	56 362 724	42 390 356		(13 972 368)	75
Remuneration of councillors	3 281 401		3 281 401		391 586	3 672 987	3 672 987		(0)	100
Debt impairment	1 192 876		1 192 876		-	1 192 876	8 202 742		7 009 866	688
Depreciation & asset impairment	6 425 680		6 425 680		-	6 425 680	18 997 429		12 571 749	296
Finance charges	1 970 149		1 970 149		-	1 970 149	1 939 619		(30 530)	98
Materials and bulk purchases	55 587 758		55 587 758		1 325 000	56 912 758	43 069 595		(13 843 163)	76
Transfers and grants	9 090 678		9 090 678		-	9 090 678	5 854 961		(3 235 717)	64
Other expenditure	48 078 148		48 078 148		(2 036 000)	46 042 148	89 622 011		43 579 863	195
Total Expenditure	181 670 000	-	181 670 000	-	-	181 670 000	213 749 700		32 079 700	118
Surplus/(Deficit)	24 775 017	-	24 775 017	-	-	24 775 017	68 346 893		43 571 876	276
Transfers recognised - capital	14 604 000		14 604 000			14 604 000	10 491 255		(4 112 745)	72
Contributions recognised - capital & contributed assets	4 047 762		4 047 762		-	4 047 762	1 798 463		(2 249 299)	44
Surplus/(Deficit) after capital transfers & contributions	18 651 762	-	18 651 762	-	-	18 651 762	12 289 718		(6 362 044)	
Share of surplus/ (deficit) of associate			-			-			-	
Surplus/(Deficit) for the year	43 426 779	-	43 426 779	-	-	43 426 779	80 636 612		37 209 833	186
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - capital	(14 604 000)		(14 604 000)			(14 604 000)	(10 491 255)		4 112 745	72
Public contributions & donations									-	
Borrowing									-	
Internally generated funds	(4 047 762)		(4 047 762)			(4 047 762)	(1 798 463)		2 249 299	44
Total sources of capital funds	(18 651 762)	-	(18 651 762)	-	-	(18 651 762)	(12 289 718)	-	6 362 044	116
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end							-			

Actual Outcome as % of Original Budget
11

6
(19)
-
62
(7)

(25)
(0)
588
196
(2)
(25)
(36)
91
18

176

(28)
(56)

86

(28)
(56)
(84)

APPENDIX E2

Reconciliation of Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2012/2013									
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget
	1	2	3	4	5	6	7	8	9	10
Revenue - Standard										
Governance and administration										
Executive and council	(10 213 044)		(10 213 044)		-	(10 213 044)	(10 876 098)		(663 054)	106
Budget and treasury office	(35 971 408)		(35 971 408)		-	(35 971 408)	(36 621 751)		(650 343)	102
Corporate services			-			-			-	-
Community and public safety										
Community and social services	(88 479)		(88 479)		-	(88 479)	(99 836)		(11 357)	113
Sport and recreation			-			-			-	-
Public services			-			-			-	-
Housing			-			-			-	-
Health			-			-			-	-
Economic and environmental services										
Planning and development	(6 204 801)	-	-	-	-	(6 204 801)	(11 265 824)		(5 061 023)	-
Road transport	(2 947 466)		(2 947 466)		-	(2 947 466)	(4 110 155)		(1 162 689)	-
Environmental protection			-			-			-	-
Trading services										
Electricity	(93 810 185)		(93 810 185)		-	(93 810 185)	(74 747 695)		19 062 490	80
Waste management	(7 659 600)		(7 659 600)		-	(7 659 600)	(7 681 448)		(21 848)	100
Other										
Total Revenue - Standard	(156 894 983)	-	(156 894 983)			(156 894 983)	(145 402 806)		11 492 177	93
Expenditure - Standard										
Governance and administration										
Executive and council	45 265 917		45 265 917		3 080 000	48 345 917	43 790 808		(4 555 109)	91
Budget and treasury office	44 106 769	-	44 106 769		(5 226 000)	38 880 769	90 814 093		51 933 324	234
Corporate services			-			-			-	-
Community and public safety										
Community and social services	1 546 390		1 546 390		-	1 546 390	440 705		(1 105 685)	28
Sport and recreation	3 390 804		3 390 804		650 000	4 040 804	3 895 078		(145 726)	96
Public services										
Housing	51 000		51 000		-	51 000	608		(50 392)	1
Tourism	673 146		673 146		-	673 146	416 598		(256 548)	-
Economic and environmental services										
Planning and development	12 096 638		12 096 638		882 000	12 978 638	13 842 981		864 343	107
Road transport	9 374 469		9 374 469		-	9 374 469	8 360 172		(1 014 297)	-
Environmental protection			-			-			-	-
Trading services										
Electricity	51 944 268		51 944 268		1 325 000	53 269 268	43 190 801		(10 078 467)	81
Waste management	13 220 599		13 220 599		(711 000)	12 509 599	8 997 855		(3 511 744)	72
Other										
Total Expenditure - Standard	181 670 000	-	181 670 000		-	181 670 000	213 749 700		32 079 700	118
Surplus/(Deficit) for the year	24 775 017	-	24 775 017	-	-	24 775 017	68 346 893	-	43 571 876	210

Actual Outcome as % of Original Budget
11
6
2
-
-
13
-
-
-
-
-
-
(20)
0
(7)

(10)
118
-
(72)
(4)
(99)
-
-
7
-
-
-
(19)
(27)
18

APPENDIX F
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2013

Department	Supplier	Amount (VAT incl) R	Reason for deviation	Cheque number
TECHNICAL	PD OTTO ELEKTRIS	133 499.07	Underground high tension electrical cable blew in the CBD area. We do not have HT Electrical Cable nor the technicians to re-activate. It is a specialist job. PD Otto reacted and reduced a 4day blackout to 8hrs only by affecting repairs immediately.	43867
TRAFFIC	MES ENGINEERING	51 271.46	The company MES Engineering is the only company that do repairs on technical departments vehicles. Repairs & Maintenance on tech vehicles requires quick action to prevent a delay in service delivery	44455
TECHNICAL	TALISMAN PLANT & TOOL	5 664.66	Sole local supplier to replace engines. The body work is still in great condition.	45520
TECHNICAL	GEARBOX & DIFF CENTRE	16 527.60	Only two quotes available. The truck is urgently required	46477
TECHNICAL	MES ENGINEERING	27 922.02	This service provider maintains and repairs all our tractors and trailers (1992 models) on an immediate repair basis. The Act MM requested that we should have a contract with a service provider. We are pursuing that step but MES Engineering has outstanding payments due to them (from June 2012).	46478
TECHNICAL	PCPI SERVICES	17 602.89	PCPI services work on industrial and heavy machinery. Motor dealers do not want to work on industrial machinery sole local supplier willing to effect repairs	45863
TECHNICAL	BRIGGS & STRATON	18 748.60	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.	45799
TECHNICAL	PCPI SERVICES	11 890.38	PCPI services work on industrial and heavy machinery. Motor dealers do not want to work on industrial machinery sole local supplier willing to effect repairs	47595
TECHNICAL	MES ENGINEERING	8 385.30	This service provider maintains and repairs all our tractors and trailers (1992 models) on an immediate repair basis. The Act MM requested that we should have a contract with a service provider. We are pursuing that step but MES Engineering has outstanding payments due to them (from June 2012).	47649
TECHNICAL	A J ROETS	9 000.00	In order to minimize the breakdown time of electrical supply to Kwik Spar and Surrounding businesses the services of an additional specialist electrician (11000 volt) was called upon to assist our only specialist electrician (Section Head Electrical). In doing so the breakdown time was more than halved.	47858
HUMAN RESOURCES	ARCH ACTUAL CONSULTING	29 640.00	Due to lack of Service provider's for this job, we hereby request Actuarial Consulting to provide us with the service for long term employee benefits liabilities because they are the once who previously provided us with the services.	46690
MUNICIPAL MANA	VHADODALINI BUTCHERY	11 357.29	Initially it was thought that we would use catering but as we progressed with the preparations, because it was a woman's day celebration, the women felt that we should buy a cow because they also wanted the tripe which they themselves will prepare. Since it was now late into the week and we could not secure a live cow at the farms we then felt it best to approach a butchery to secure the carcass of a cow with its intestine.	46598
IT DEPRTEMENT	PC WORX MUSINA	15 685.00	Due to the urgency of the laptops, we would like to request one standard quote from supplier in order to process the request in a short period of time.	48794
COMMUNICATION	LUNAKO TECHNOLOGIES	5 250.00	After engagements with the Procurement office for the acquisition of the promotional material for the above events, it was realised that it would not be possible to get them on time if we follow the procurement procedures. The local service provider with the attached quotation undertook that the required goods can be delivered within seven working days	48820
TECHNICAL	MES ENGINEERING	74 669.60	This service provider maintains and repairs all our tractors and trailers (1992 models) on an immediate repair basis. The Act MM requested that we should have a contract with a service provider. We are pursuing that step but MES Engineering has outstanding payments due to them (from June 2012).	48163
TECHNICAL	GROENEWALDS HARDWARE	1 848.50	Area supply breaker broke down in Mushongoville (JExt 4) None in stock at Municipality stores. Purchase from sole local supplier in order to restore electrical supply.	48066
TECHINCAL	MADZIVHA LP	7 900.00	Due to heavy rains during 18 to 22 January 2013 (300mm plus) damage was caused by leaking roof that was damaged during thie severe/rain and wind.	49588
TECHINCAL	LEXIS NEXIS	724.45	Documents required for building control. Lexis Nexis and SABS are sole suppliers.	49658
TECHNICAL	SABS	4 243.00	Documents required for building control. Lexis Nexis and SABS are sole suppliers	49659
TECHNICAL	MASHAO DN	17 500.00	Serious damage was caused to the building due to the heavy rainstorm of 19-20 January 2013. To leave the roof open would cause further damage and the services of a contractor who could do immediate repairs wer procured.	502830
TECHNICAL	ARB ELECTRICAL WHOLESALE	77 520.00	A transformer breakdown occurred in Nancefield Ext 5. An order was placed on 16 November 2012 but delivery has not taken place. After enquiring we managed to obtain a supplier that can deliver immediately. The issue is urgent as approximately to Households are without electricity	51788
TECHNICAL	N1 GLASS & ALUMINIUM	6 500.00	Only two quotations available from local suppliers. The windows have to be replaced as soon as possible as the broken glass and open window frames poses a health and injury threat	50587
TECHNICAL	ESET SA	16 692.56	Our annual license for our Eset Nod32 Anti-Virus needs to be renewed. We are dealing directly with Eset and they re the OEM (Original Electronic Manufacture).	505320
TECHNICAL	BRIGGS & STRATON	36 659.80	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.	52137
TECHNICAL	CENTRAL AFRICA CRUSHERS	3 425.00	To install speed bumps in Nancefield. Central Africa Crushers is the only local Rock Crushers.	52162

TECHNICAL	BRIGGS & STRATON	15 295.19	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.	52255
TECHNICAL	BRIGGS & STRATON	7 842.26	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.	52254
TECHNICAL	PD OTTO ELEKTRIES	89 387.86	Services of specialist contractor obtained to supply, install, terminate and energize main HT Cable at Main Sub Station. The Municipal Electrical Section Head was on sick leave during the breakdown	53124
TECHNICAL	GIANT MARKETING BL	65 521.73	One Transformer broke down in Nancefield Ext 8 on the night of 6/5/2013. We did not have 22kv Transformers in stock but only 11kv. To avoid having consumers without electricity for two days running a transformer has to be obtained from a supplier who can deliver immediately	530300
TECHNICAL	AJ ROETS	21 500.00	The Section Head Electrical (Mr. Piet Jansen) is on sick leave. To avoid long periods of electrical supply interruptions Mr. Roets was called upon to assist with repairs. Especially on high tension faults and issues with transformers. In the process the superintendent benefitted by acquiring specialised knowledge.	53942
TECHNICAL	GROENEWALDS HARDEWARE	3 227.63	Area supply breaker broke down in Mushongoville (Ext 4) None in stock at Municipality stores. Purchase from sole local supplier in order to restore electrical supply.	53979
TECHNICAL	OTHILIA SERVICES AND SUPPL	11 000.00	We hereby request Othilia Serv and Supp. To cater at Mayoral deedback meeting for Back to School Campaign. There was no catering arranged, the meeting end up taking long we had to arrange catering on the last hour	54418
TECHNICAL	PD OTTO ELEKTRIES	15 856.03	The MLM does not have the equipment to join a 1100volt bundle conductor. It is a highly specialised job. PD Otto Elektries was the only specialised contractor to react immediately for repairs.	54419

839 757.88

APPENDIX E 3

Reconciliation Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/2013											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
VOTE : 0001 Assessment Rates Reside	(3 634 032)		(3 634 032)		822 263	(2 811 769)	(3 634 032)		(822 263)	129	23			-	
VOTE: 0002 Assessment Rates Industria	(613 970)		(613 970)		(125 660)	(739 630)	(613 971)		125 659	83	(20)			-	
VOTE: 0003 Assessment Rates Comm	(2 427 767)		(2 427 767)		184 969	(2 242 798)	(2 495 991)		(253 193)	111	10			-	
VOTE: 0004 Assessment Rates Farms	(3 395 124)		(3 395 124)		(881 572)	(4 276 696)	(3 920 487)		356 209	92	(10)			-	
VOTE: 0255 Sundry Income	(120 000)		(120 000)		-	(120 000)	(130 093)		(10 093)	108	-			-	
VOTE: 0258 Tenders	(18 759)		(18 759)		-	(18 759)	(74 719)		(55 960)	398	298			-	
VOTE: 0259 Commission Old Mutual	(3 392)		(3 392)		-	(3 392)	(6 805)		(3 413)	201	-			-	
VOTE: 0125 Grave Fees	(80 837)		(80 837)		-	(80 837)	(94 120)		(13 283)	116	16			-	
VOTE: 0081 Membership Library	(7 642)		(7 642)		-	(7 642)	(5 716)		1 926	75	(25)			-	
VOTE : 0105 Permits Clearance	(18 804)		(18 804)		21 196	2 392	(18 804)		(21 196)	(786)	113			-	
VOTE: 0122 Permits Building Plans	(66 838)		(66 838)		-	(66 838)	(128 303)		(61 465)	192	92			-	
VOTE: 0141 Interest - External Invest	(342 093)		(342 093)		(192 093)	(534 186)	(744 510)		(210 324)	139	-			-	
VOTE: 0151 Interest - Debtors	(1 079 103)		(1 079 103)		170 897	(908 206)	(1 319 725)		(411 519)	145	38			-	
VOTE : 0120 Gain on sale of stands	(5 967 115)		(5 967 115)		-	(5 967 115)	(10 912 976)		(4 945 861)	183	83			-	
VOTE: 0071 Refuse	(7 659 600)		(7 659 600)		-	(7 659 600)	(7 681 448)		(21 848)	100	0			-	
VOTE : 0121 Rentals	(205 256)		(205 256)		-	(205 256)	(266 258)		(61 002)	130	30			-	
VOTE: 0041 Electricity - Service charge	(62 106 083)		(62 106 083)		7 795 519	(54 310 564)	(42 860 040)		11 450 524	79	(18)			-	
VOTE: 0042 Electricity - New Connecti	(1 343 364)		(1 343 364)		(1 272 099)	(2 615 463)	(1 343 365)		1 272 098	51	(95)			-	
VOTE: 0043 Electricity - Connections	(478 202)		(478 202)		(78 202)	(556 404)	(478 203)		78 201	86	(16)			-	
VOTE: 0044 Electricity - Pre Paid	(23 730 646)		(23 730 646)		-	(23 730 646)	(22 138 747)		1 591 899	93	(7)			-	
VOTE: 0045 Electricity - Testing of Mete	(1 061 823)		(1 061 823)		-	(1 061 823)	-		1 061 823	-	(100)			-	
VOTE: 0046 Power Cards R30	(2 462 975)		(2 462 975)		-	(2 462 975)	(229 021)		2 233 954	9	(91)			-	
VOTE: 0047 Power Cards R100	(2 605 516)		(2 605 516)		-	(2 605 516)	(1 076 843)		1 528 673	41	-			-	
VOTE: 0048 Unmetered	-		-		-	-	(158 228)		(158 228)	#DIV/0!	-			-	
VOTE: 0052 Unmetered Meters	(21 576)		(21 576)		-	(21 576)	(18 030)		3 546	-	-			-	
VOTE: 0056 Cigicell	-		-		(6 445 218)	(6 445 218)	(6 445 219)		(1)	100	-			-	
VOTE : 0161 Traffic - Motor Vehicles	(1 318 798)		(1 318 798)		-	(1 318 798)	(3 142 970)		(1 824 172)	238	138			-	
VOTE : 0196Traffic - Fines	(1 628 668)		(1 628 668)		-	(1 628 668)	(967 185)		661 483	59	(41)			-	
VOTE : 1295 Unspend Mig Funds	-		-		-	-	-		-	-	-			-	
VOTE : 0103 Finance Management Gra	(1 250 000)		(1 250 000)		-	(1 250 000)	(1 250 000)		-	100	-			-	
VOTE : 0102 Equitable Share	(31 447 000)		(31 447 000)		-	(31 447 000)	(31 447 000)		-	100	-			-	
VOTE : 0106 Municipal system improve	(800 000)		(800 000)		-	(800 000)	(800 000)		-	100	-			-	
VOTE : 1410 Municipal Infrastructure G	(14 604 000)		(14 604 000)		-	(14 604 000)	(10 437 639)		4 166 361	71	(29)			-	
VOTE 0107 EPWP	(1 000 000)		(1 000 000)		-	(1 000 000)	(1 000 000)		-	-	-			-	
Total Revenue by Vote	(171 498 983)	-	(171 498 983)	-	-	(171 498 983)	(155 840 445)	-	15 658 538	-	(9)	-	-	-	-
Expenditure by Vote to be appropriated															
VOTE : 1001 Basic Scale - Salaries	34 071 984		34 071 984	-	(2 299 256)	31 772 728	23 865 176		(7 907 552)	75	(23)			-	
VOTE : 1002 Overtime	4 195 530		4 195 530		2 362 112	6 557 642	6 448 452		(109 190)	98	(3)			-	
VOTE: 1003 Prov Annual Bonus														-	
VOTE : 1004 Annual Bonus	2 206 174		2 206 174		(4 376)	2 201 798	1 906 518		(295 280)	87	(13)			-	
VOTE : 1005 Standby Allowance	898 401		898 401		(393 179)	505 222	309 766		(195 456)	61	(22)			-	
VOTE : 1006 Operational Allowance	242 168		242 168		(73 964)	168 204	-		(168 204)	-	(69)			-	
VOTE : 1009 Acting Allowance	1 350 570		1 350 570		46 623	1 397 193	826 254		(570 939)	59	(42)			-	
VOTE : 1010 Leave Payments	26 004		26 004		1 380	27 384	2 880		(24 504)	-	-			-	
VOTE : 1012 Housing Allowance	455 425		455 425		(57 920)	397 505	63 772		(333 733)	16	(73)			-	
VOTE : 1013 Travel Allowan	1 653 246		1 653 246		354 316	2 007 562	1 771 686		(235 876)	88	(14)			-	
VOTE : 1017 Contract staff payments	100 926		100 926		(71 128)	29 798	29 798		0	100	0			-	
VOTE : 1018 Interns	522 862		522 862		(522 862)	-	-		-	#DIV/0!	-			-	
VOTE : 1021 Contribution - Medical aid	3 731 227		3 731 227		(544 146)	3 187 081	1 683 346		(1 503 735)	53	(40)			-	
VOTE : 1022 Contribution - Pension Be	5 679 108		5 679 108		273 412	5 952 520	4 948 870		(1 003 650)	83	(18)			-	
VOTE : 1023 Contribution - UIF	280 486		280 486		43 600	324 086	296 785		(27 301)	92	(10)			-	
VOTE : 1024 Contribution - Group Insu	615 574		615 574		(104 108)	511 466	219 069		(292 397)	43	(47)			-	
VOTE : 1029 Levies - Bargaining Coun	13 625		13 625		4 461	18 086	17 984		(102)	99	(1)			-	
VOTE : 1051 Allowance - Mayor	491 047		491 047		174 368	665 415	665 415		0	100	0			-	
VOTE : 1052 Allowance - Full Time Co	368 284		368 284		135 750	504 034	504 034		0	100	0			-	
VOTE : 1054 Allowance - Other Coun	1 217 465		1 217 465		245 524	1 462 989	1 462 990		1	100	0			-	
VOTE : 1057 Councilors Allowance Tra	704 775		704 775		(220 711)	484 064	484 064		(0)	100	(0)			-	
VOTE : 1062 Councilors All	155 160		155 160		(31 577)	123 583	123 582		(1)	100	(0)			-	
VOTE : 1064 Contribution - Pension	344 670		344 670		413	345 083	345 083		0	100	0			-	
VOTE : 1066 Contribution - Medical	-		-		87 818	87 818	87 818		0	100	0			-	
VOTE : 1071 Depreciation	6 425 680		6 425 680		-	6 425 680	18 997 429		12 571 749	196	296			-	
VOTE: 1071 Prov Bad Debt	1 192 876		1 192 876		-	1 192 876	8 202 742		7 009 866	688	588			-	

VOTE : 1101 Furniture & Office Equipm	14 414	14 414	(9 511)	4 903	153	(4 750)	3	(33)	-	-	-	-	-
VOTE : 1102 Repair & Maintenance Ve	150 000	150 000	(124 877)	25 123	25 123				-	-	-	-	-
VOTE : 1106 Computer Equip	11 880	11 880	-	11 880	4 417	(7 463)	37	(63)	-	-	-	-	-
VOTE : 1110 Poverty Alivia	1 200 000	1 200 000	(38 317)	1 161 683	1 161 684	1	100	0	-	-	-	-	-
VOTE : 1111 Machinery & Eq	4 045 000	4 045 000	1 011 761	5 056 761	4 056 960	(999 801)	80	(25)	-	-	-	-	-
VOTE : 1130 Distribution N	4 691 000	4 691 000	(723 550)	3 967 450	1 902 122	(2 065 328)	48	(44)	-	-	-	-	-
VOTE : 1138 Tarred Roads	1 000 000	1 000 000	(250 183)	749 817	14 704	(735 113)	2	(74)	-	-	-	-	-
VOTE : 1146 Sidewalks & Pa	29 355	29 355	-	29 355	-	(29 355)	-	(100)	-	-	-	-	-
VOTE : 1154 Traffic & Road	250 000	250 000	(196 716)	53 284	53 284	(1)	100	(0)	-	-	-	-	-
VOTE : 1158 Streetlights	135 750	135 750	-	135 750	193	(135 557)	0	(100)	-	-	-	-	-
VOTE : 1215 Council Owned Buildings	2 753 031	2 753 031	(2 361 926)	391 105	166 903	(224 202)	43	(8)	-	-	-	-	-
VOTE : 1220 Council Owned Vehicles	315 847	315 847	88 234	404 081	286 617	(117 464)	71	(37)	-	-	-	-	-
VOTE : 1310 Consultants	1 347 480	1 347 480	(635 106)	712 374	712 373	(1)	100	(0)	-	-	-	-	-
VOTE : 1251 Bulk Purchases Electricity	39 644 001	39 644 001	(39 076)	39 604 925	34 685 065	(4 919 860)	88	(12)	-	-	-	-	-
VOTE : 1231 Finance Cost	1 970 149	1 970 149	64 798	2 034 947	1 939 619	(95 328)	95	(5)	-	-	-	-	-
VOTE : 1263 Contracted Service Secu	3 000 000	3 000 000	1 904 217	4 904 217	4 904 217	(0)	100	(0)	-	-	-	-	-
VOTE : 1334 Collection Fees	55 000	55 000	-	55 000	16 850	(38 150)	31	(69)	-	-	-	-	-
VOTE : 0291 Income Forgone	244 739	244 739	-	244 739	-	(244 739)	-	(100)	-	-	-	-	-
VOTE : 0294 Income Forgone	137 000	137 000	-	137 000	-	(137 000)	-	(100)	-	-	-	-	-
VOTE : 1284 Study donation	50 000	50 000	59 875	109 875	109 876	1	100	0	-	-	-	-	-
VOTE : 1285 Mayoral excellance awar	2 400 595	2 400 595	93 058	2 493 653	343 058	(2 150 595)	14	(90)	-	-	-	-	-
VOTE : 1301 Advertising	790 000	790 000	54 909	844 909	246 438	(598 472)	29	(76)	-	-	-	-	-
VOTE : 1303 Auditors Fees Internal	1 250 000	1 250 000	(1 250 000)	-	-	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1304 Auditors Fees External	2 500 000	2 500 000	(118 715)	2 381 285	1 529 513	(851 772)	64	(34)	-	-	-	-	-
VOTE : 1306 Bank Administr	800 000	800 000	(375 436)	424 564	311 758	(112 806)	73	(14)	-	-	-	-	-
VOTE : 1308 Conference & C	10 000	10 000	-	10 000	-	(10 000)	-	(100)	-	-	-	-	-
VOTE : 1309 Community liason	3 200 000	3 200 000	(203 880)	2 996 120	996 119	(2 000 001)	33	(63)	-	-	-	-	-
VOTE : 1310 Consultants	3 091 395	3 091 395	954 413	4 045 808	2 915 811	-			-	-	-	-	-
VOTE : 1311 Consumable Domestic	304 467	304 467	74 926	379 393	311 115	(68 278)	82	(22)	-	-	-	-	-
VOTE : 1312 Paupers	150 000	150 000	(94 548)	55 452	55 452	0	100	0	-	-	-	-	-
VOTE : 1313 Non capital goods	15 000	15 000	(14 775)	225	224	(1)	100	(0)	-	-	-	-	-
VOTE : 1315 Pest Control	150 000	150 000	(150 000)	-	-	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1320 Entertainment	1 100 000	1 100 000	(36 168)	1 063 832	63 832	(1 000 000)	6	(91)	-	-	-	-	-
VOTE : 1322 Entertainment Public	3 180 000	3 180 000	(127 346)	3 052 654	52 654	(3 000 000)	2	(94)	-	-	-	-	-
VOTE : 1325 Fuel	1 119 754	1 119 754	192 334	1 312 088	780 501	(531 587)	59	(47)	-	-	-	-	-
VOTE : 1327 Insurance	630 409	630 409	30 904	661 313	652 308	(9 005)	99	(1)	-	-	-	-	-
VOTE : 1333 Legal	95 000	95 000	263 313	358 313	358 314	1	100	0	-	-	-	-	-
VOTE : 1335 License	64 825	64 825	10 732	75 557	68 902	(6 655)	91	(10)	-	-	-	-	-
VOTE : 1336 License IT	164 633	164 633	(190)	164 443	284 965	120 522	173	73	-	-	-	-	-
VOTE : 1337 Special Activities	70 000	70 000	(11 385)	58 615	-	(58 615)	-	-	-	-	-	-	-
VOTE : 1338 Interest late payments	5 000	5 000	126 365	131 365	116 194	(15 171)	88	-	-	-	-	-	-
VOTE : 1340 Membership fees	121 330	121 330	(102 084)	19 246	19 245	(1)	100	(0)	-	-	-	-	-
VOTE : 1341 Membership fees	800 000	800 000	124 518	924 518	424 518	(500 000)	46	(63)	-	-	-	-	-
VOTE : 1347 Postage	255 000	255 000	(31 119)	223 881	186 172	(37 709)	83	(15)	-	-	-	-	-
VOTE : 1348 Printing & Stationary	1 725 223	1 725 223	(96 228)	1 628 995	943 997	(684 998)	58	(40)	-	-	-	-	-
VOTE : 1350 Protective closing	325 030	325 030	29 554	354 584	288 471	(66 113)	81	(20)	-	-	-	-	-
VOTE : 1353 Tourism & Marketing	150 000	150 000	-	150 000	-	(150 000)	-	(100)	-	-	-	-	-
VOTE : 1358 Rent	180 000	180 000	-	180 000	186 561	6 561	104	4	-	-	-	-	-
VOTE : 1359 IT Lease	1 369 786	1 369 786	-	1 369 786	204 570	(1 165 216)	15	(85)	-	-	-	-	-
VOTE : 1360 Rent Mopani	140 900	140 900	(67 425)	73 475	42 056	(31 419)	57	(22)	-	-	-	-	-
VOTE : 1364 Subsistence & Travel	7 470 000	7 470 000	1 356 738	8 826 738	4 291 099	(4 535 639)	49	(61)	-	-	-	-	-
VOTE : 1366 Telephone Landline	2 950 000	2 950 000	183 698	3 133 698	987 704	(2 145 994)	32	(73)	-	-	-	-	-
VOTE : 1367 Telephone Mobile	2 210 000	2 210 000	489 089	2 699 089	1 615 908	(1 083 181)	60	(49)	-	-	-	-	-
VOTE : 1368 Training	491 312	491 312	983 468	1 474 780	1 465 166	(9 614)	99	(2)	-	-	-	-	-
VOTE : 1369 Youth	800 000	800 000	(800 000)	-	-	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1369 Town Establishment	173 000	173 000	661 432	834 432	3 719 433	2 885 001	446	-	-	-	-	-	-
VOTE : 1370 Valuation Roll	2 500 000	2 500 000	(1 068 564)	1 431 436	557 522	(873 914)	39	(35)	-	-	-	-	-
VOTE : 1371 IDP Workshop	55 000	55 000	-	55 000	44 796	(10 204)	81	(19)	-	-	-	-	-
VOTE : 1372 Grant FMG	1 250 000	1 250 000	-	1 250 000	1 250 000	-	100	-	-	-	-	-	-
VOTE : 1373 Grant MSIG	800 000	800 000	-	800 000	800 000	-	100	-	-	-	-	-	-
VOTE : 1380 LED	285 000	285 000	(15 645)	269 355	203 684	(65 671)	76	(23)	-	-	-	-	-
VOTE : 1389 Workman Compisation	245 000	245 000	(245 000)	-	-	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1392 Road Safety campaign	19 000	19 000	(19 000)	-	-	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1397 Seia	750 000	750 000	170 461	920 461	420 460	(500 001)	46	-	-	-	-	-	-
VOTE : 1398 Medical	23 750	23 750	33 756	57 506	57 507	1	100	0	-	-	-	-	-
VOTE : 1399 Zelpy	-	-	-	-	-	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1400 Job Evaluation	156 000	156 000	(156 000)	-	-	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1406 Transaction Fees Vehicle	-	-	603 108	603 108	603 108	-	100	-	-	-	-	-	-
VOTE : 1600 Indigents	5 000 000	5 000 000	(258 123)	4 741 877	2 672 542	(2 069 335)	56	(41)	-	-	-	-	-
VOTE : 1601 Free Basic	1 040 678	1 040 678	(306 097)	734 581	132 419	(602 162)	18	(58)	-	-	-	-	-
VOTE : 1603 Impairment	-	-	-	-	47 408 968	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1606 EPWP	1 000 000	-	-	-	1 000 000	-	#DIV/0!	-	-	-	-	-	-
VOTE : 1606 Loss on fair value	-	-	-	-	5 724 065	-	#DIV/0!	-	-	-	-	-	-
VOTE : 4130 Provision Leave	125 000	125 000	836 064	961 064	1 835 950	874 886	191	700	-	-	-	-	-
VOTE : 4131 Provision long serv	180 000	-	118 715	-	1 219 945	-	#DIV/0!	-	-	-	-	-	-
VOTE : 4132 Capital Replacement	4 047 762	4 047 762	-	4 047 762	-	(4 047 762)	-	(100)	-	-	-	-	-
VOTE : 4133 Proviion Pension Benefit	-	-	-	-	1 052 813	1 052 813	#DIV/0!	#DIV/0!	-	-	-	-	-
VATE : 4134 Provision annual bonus	-	-	-	-	644 307	-	#DIV/0!	-	-	-	-	-	-
VOTE : 4135 Proviion Environmental	-	-	-	-	1 355 885	-	#DIV/0!	#DIV/0!	-	-	-	-	-
Total Expenditure by Vote	185 717 762	-	185 717 762	-	185 717 762	213 749 700	-	28 031 938	191	-	-	-	-

Surplus/(Deficit) for the year	14 218 779	-	14 218 779	-	-	14 218 779	57 909 255	-	43 690 476	407	(9)	-	-	-	-
--------------------------------	------------	---	------------	---	---	------------	------------	---	------------	-----	-----	---	---	---	---

APPENDIX E5

Reconciliation Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2012/2013										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R thousand	1	2	3	4	5	6	7	8	9	10	11
Capital expenditure - Vote											
Multi-year expenditure											
Capital multi-year expenditure sub-total	-						-				
Single-year expenditure											
Construction of Malale Sport Centre	6 204 000		6 204 000			6 204 000	4 213 786		(1 990 214)	68	(32)
Construction of Building/Thusong Centre Nancefield	2 000 000		2 000 000			2 000 000	2 026 316		26 316	101	1
Construction of Madimbo Community Hall	4 600 000		4 600 000			4 600 000	2 511 482		(2 088 518)	55	(45)
Nancefield Ext 1 Public Park	1 800 000		1 800 000			1 800 000	1 739 672		(60 328)	97	(3)
Capital single-year expenditure sub-total	14 604 000	-	14 604 000	-	-	14 604 000	10 491 255	-	(4 112 745)	320	(80)
Total Capital Expenditure - Vote											
Capital Expenditure - Standard											
Governance and administration											
Executive and council	-	-	-			-					
Budget and treasury office	4 047 762		4 047 762			4 047 762	1 798 463		(2 249 299)	44	(56)
Corporate services			-			-	-		-		
Community and public safety											
Community and social services			-			-	-		-		
Sport and recreation			-			-	-		-		
Public safety			-			-	-		-		
Housing			-			-	-		-		
Health			-			-	-		-		
Economic and environmental services											
Planning and development							-		-		
Road transport			-			-	-		-		
Environmental protection			-			-	-		-		
Trading services											
Electricity			-			-	-		-		
Water			-			-	-		-		
Waste water management			-			-	-		-		
Waste management			-			-	-		-		
Other											
Total Capital Expenditure - Standard	4 047 762	-	4 047 762	-	-	4 047 762	1 798 463		(2 249 299)		
Funded by:											
National Government	(14 604 000)	-	(14 604 000)			(14 604 000)	(10 491 255)		4 112 745	72	(28)
Provincial Government			-			-			-		
District Municipality			-			-			-		
Other transfers and grants			-			-			-		
Transfers recognised - capital			-			-			-		
Public contributions & donations			-			-			-		
Borrowing			-			-			-		
Internally generated funds	(4 047 762)	-	(4 047 762)			(4 047 762)	(1 798 463)		2 249 299	44	(56)
Total Capital Funding	(18 651 762)	-	(18 651 762)	-	-	(18 651 762)	(12 289 718)	-	6 362 044	116	(84)